SURVEYORS VALUERS AND AUCTIONEERS

GENERAL

Front Line talks today

African "front line" presidents and Patriotic Front guerrilla leaders is being hastily arranged

in Lusaka for today.

Its objective is to draw up a common strategy for the cightday Commonwealth conference. which opens in Lusaka on Wed-

Mrs. Thatcher leaves London for the conference today under renewed Tory pressure to recognise the Muzorewa recognise the Muzorewa regime. Back Page and Editorial comment, Page 10.

Iraq plotters 'executed'

Irag's ruling Revolutionary Command Council has executed at least five high-ranking Government and party officials and arrested more than 250 others on charges of plotting against the State. Arab diplomats reported in Beirut.

A council statement said the ploters received instructions and funds from an external quarter" to conspire against the regime and force it to sup-port the Egyptian-Israeli peace

Madrid bembs

Bombs et Madrid's cirport and two main railyway stations killed at least five people and wounded 113. The attacks—with the killing of three policemen over the weekend-was seen as the work of the Basque separatist guerillas of ETA. Back Page

Grand Prix win

Prix at Hockenheim in a Swiss team-mate Clay Regar-zoni, with Jacques Laffitte of Patrese, Jabouille and Arnou::.

Briton accused

British businessman John Smith, who has been held incommunicado by Iraq since July 12, is to be charged with attempting to bribe an official to procure a commercial transaction, said Iraqi news agency. is managing director of Hestair Denis.

Lightning killer

Lightning struck a group of holidaymakers on a Skegness hearn, killing a six-year-old girl and seriously injuring another chili. At Blackpool a girl of 18 and a youth of 19 draward in absence 19 drowned in choppy seas.

Benn's aim

The Labour Party should fight the next general election on a radical, socialist programme similar to the one which brought it overwhelming victory in 1945, said Mr. Anthony Wedgwood Benn. This was the aim of party reforms he was now pressing. Page 4

Sinai talks

Israel and Egyptian Defence decided to strengthen direct links between their country's armies. They discussed the controversial issue of a UN presence in the Sinai to superrise İsrael's withdrawal. Dayan for U.S., Page 2

Briefly

Official inquiry opens in Chicago today into the DC-10 aircraft crash which killed 273 people in May. Bride and 28 of her wedding guests taken to hospital with food poisoning after a weeding reception in Halifax, Yorlahire, Chinese Communist Party chairman Hua Guofeng sent per-sonal note of alology to Ala-tolish Khomeini for visiting Iran last September during the

- CONTENTS

aly's political crisis: Truce holiday time 11 magement: Shareholders'

Dilemma over NEB's high Paris Bourse: The strongest echnology interests ... 10 market in Europe 16

Editorial comment: Rhodesia; world car industry 10

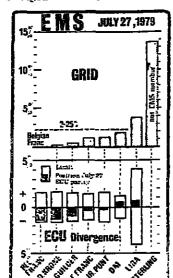
Survey: Egypt inset Weather World Trade PROSPECTUS

BUSINESS

New hunt for oil reserves in UK

• ENERGY DEPARTMENT is to oil exploration groups which will begin a new search for on shore fuel resources in England and Scotland, Back Page

6 BELGIAN FRANC remained within its maximum permitted divergence limit against the European Currency Unit last week, but once again was the weakest member of the European Monetary System. The Italian lira was still the strongest member of the EMS. followed by the D-Mark, Irish punt and the French franc. Paris interest rates were firmer. but there were no major changes among the EMS members with Belgium's key dischanged for the last month.



constraints on exchange rates Australian racing griver Alan trains the European Mone.org. Jones won the German Grand System: the "orid" of cross reves from which no correlate Prix at Hockennelm in a texcept the lira) may more Saudia-Williams, followed by texcept the lira) may more swiss team-mate Clay Rear-more than 21 per cent; and the France (Ligier) third. Non finishers included Lauda, "centrel rate" against the "centrel rate" against the European Currency Unit (ECU), itself a basher of European currencies. The "grid' is always shown by rejerence to the weakest currency in the sustem, which is the base line

O COMPANY LAW will be brought closer to EEC practice next month with the publication of a Government document covering proposed changes in accounting principles and disclosure regulations. Page 3

in the top chart.

3 IRAN decided in principle not to go ahead with any new schemes to export any of its huge gas reserves by pipeline or

in a liquefied form. Back Page O STERLING will weaken over the next year, according to reviews by two leading foreign exchange market commentators.

• MAIN PROVISIONS of the Banking Act will come into

force on October 1. Page 3 @ U.S. FEDERAL Trade Com-

mission won the first round in its bid to block Exxon's \$1.17bn (£505m) takeover of Reliance Electric. Page 13

Ministers, meeting in Tel Aviv. S ALFA ROMEO and its parent company, Finmeccanica, denied reports that Alfa Romeo might soon be sold to Fiat or a foreign car group. Page 13

● TATE AND LYLE is to close in November its Walkers sugar cane refinery at Greenock in Scotland. Page 3

O ATTEMPT to withdraw TUC leaders from all talks with the Covernment changes in employment law will be made at the annual Congress Blackpool in September. Back Page

6 LONDON AND MANCHES-TER Assurance reports a first-half advance in new life annual premiums in its industrial branch from £1.79m to £2.39m.

For latest Share Index phone 01-246 8026

ANNUAL STATEMENTS

Poor profits will bring investment decline, says CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A warning that poor profitability of companies this year may be followed by a downturn in investment by manufacturing industry will be issued in the next two days by the Confederation of British Industry.

Earlier forecasts for the real recovering from the winter's just recently the pound has rate of return by industrial and lorry drivers' and other strikes, been rising too far too fast, to manufacturing companies this Worries about prices being a level at which, if they are to

"The movement in real profit-ability between 1973 and 1979 is a turning point which, on the evidence of past behaviour, is likely to be followed by a downturn in investment, with all that may mean for the future of jobs and living standards." says the CBI in a paper to be presented to a meeting of the National Economic Develop-ment Council on Wednesday.

Conflict

At the same time the paper maintains the CBI's official line of loyalty to the present Government, and says that the Coverament's strategy for "signifi-cantly improved" the general

climate for business.

These potentially conflicting lines of gloom about future prospects, tempered by a welcome for the Budget measures. will be repeated tomorrow when the CBI publishes its quarterly trends survey.

The survey believed to show that businessmen do not expect industrial activity to continue at the improved rate reported three months are when industry was

manufacturing companies this Worries about prices being a year are being cut by the CBI constraint to exports have worrent at the most," which is pound and industrialists are openly expressing concern about prices being a constraint to exports have worrent at the most," which is pound and industrialists are openly expressing concern about prices being a year are being constraint to export the prices being a year are being constraint to export the prices being a year are being constraint to export the prices being a year are being cut by the constraint to export the prices about prices being a year are being cut by the CBI constraint to exports have worked to be a year and the prices about prices being a year are being cut by the CBI constraint to exports have worked to be a year and the prices about prices being a year are being cut by the CBI constraint to exports have worked to be a year and the prices about prices being a year are being cut by the CBI constraint to exports have worked to be a year and the prices about prices being a year are being cut by the CBI constraint to exports have worked by the case of the rising pound and industrialists are openly expressions. openly expressing concern about deeper. how they will face up to wage

Many businessmen are especially concerned because the long run of various sorts of pay policies for much of the past decade has meant that they are not used to negotiating without pay guidelines.

Members of the CBI's economic situation committee, who studied the survey results just before the weekead. emphasised their determination to stand firm against high wage claims.

They were worried about the likely fall-off in industrial acti-vity, which shows that there has been no real improvement, despite the earlier upturn caused by factors such as pre-Budget spending and the recovery from the winter and its strikes.

There is also increased concern about the pound, despite the Government's relaxation of exchange controls. In its paper for Wednesday's NEDC meeting, which is circulating among council members and has been sent to Sir Geoffrey Howe, Chancellor of

short term, their profit margins must be pared to the bone, and "While they accept that the pound's rise has been to some

stay price-competitive in the

degree due to forces beyond our control, they have at the same been critical not only of high interest rates but also of the continuation of exchange controls on overseas invest-

Revising

Discussing profitability, the CBI says that its estimates in May of a 31-4 per cent rate of return for companies, excluding North Sea operations, must be revised down further, to 3 per cent at most, because "output will be even more sluggish than we had thought."

This is because of dearer oil, the rising pound and measures on taxation and Government spending that will limit domestic demand. The Budget-incentives will "take some time to come through.'

The CBI paper will be considered at the council meeting with other papers from the Industry Department and the National Economic Develop-

the Enchequer, the CBI says: National & Many companies feel that ment Office.

Engineers begin national overtime ban today

BY ALAN PIKE, LABOUR CORRESPONDENT

trial action over the engineer- action. ing industry national pay claim begins today with an overtime ban throughout the country.

The dispute will be stepped up a week today with the first of a series of national one-day strikes designed to win a new minimum craft rate of £80 and a series of other improvements including a shorter working

Mr. Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions which is co-ordinating the action, said that "without the overtime ban alone doubt " would hold up production, with exports bound to be affected.

The Engineering Employers' Federation has not come forward with a minute move to avoid the dispute. It had chosen instead to wait and sec what happens in the belief that the unions may be only par- anniversary dates of companytially successful in persauding level settlements, have offered April.

LONG-THREATENED indus- their members to join the to raise the craft minimum from

While the support of engineering workers in big plants in traditionally militant areas like Manchester and Sneffield is assured employers suspect that reaction may be much more natchy elsewhere. The position is further complicated by the fact that the action is starting when many workers in the industry, including thousands in the West Midlands, are in the middle of their annual summer holidays.

Confederation leaders are bound by tightly-framed conference decisions to obtain the proportionale rises for others, a one-hour reduction in the working week this year, two days extra holiday and a common starting date for the new agreement. The employers, who want to begin the agreement on the

£60 to £70 per week.

Earnings of most engineering workers are determined at plant level, with the national agreement providing a minimum rates and conditions framework for the industry. Shop stewards now face the task of convincing workers who often earn well above the minimum rates that the national agreement is an issue worth taking action over. 6 On another important outstanding pay issue the Government is expected to publish on

Wednesday the first report of Professor Hugh Clegg's comparability commission covering local authority, health service minimum rate for croftsmen with and university manual workers and ambulancemen. The public service workers,

who received 9 per cent awards plus payments on account after disputes last winter, are due to receive 50 per cent of any comparability recommendation next month and the remainder in

S. African companies to take bulk of Sasol's share issue

BY QUENTIN PEEL IN JOHANNESBURG

has announced details of its R525m (£270m) share issue to help finance the massive expansion of its synthetic fuel pro-

duction programme.

The bulk of the issue—
R490m—will take the form of a private placement to institutional and corporate investors in South Africa. The public share issue, available to foreign investors, will amount to R35m.
In spite of the size of the

issue—it is by far the largest in South African history—the hitherto wholly state-owned Sasol seems confident that both sections will be oversubscribed. The company is forecasting a dividend yield of 7 per cent and earnings growth of 12.5 per cent. It is relving on the current euphoria surrounding synthetic fuel production to attract wide-

spread investor interest.
The purpose of the share issue is to spread the burden of financing Sasol's latest expan-sion, the R3.3bn Sasol 3 plant. by bringing in private capital. Export credits are being used to finance a further R655m. The State Oil Fund, financed from fuel levies and direct govern- pay spot cash. ment funds is making up the

SOUTH AFRICA'S pioneering commissioning of Sasol 2 early will eventually make consider oil-from-coal producer, Sasol, next year. The two plants able inroads on their South should boost South Africa's synthetic fuel production to 47 per sensitivity of the project, in cent of current liquid fuel re- helping South Africa's protect quirements.

In spite of widespread international interest in the project direct oil company participation —and a spate of queries, par-ticularly from the U.S., on should prove attractive, given a Sasol's production experienceinvesiment will be limited to the public share tain protective barriers for the

director of Sasol, said the finan-cial rand, available at a discount cial rand, available at a discount of the commercial rand, could he used for much in the public issue to the commercial rand, could be used for such investments. But the private placement would be restricted to South African institutions.

One reason for the restriction

on the private placement is that interest. It will be made in four tranches. If he is:
Mr. Stegmann said this would South Air spread out the effect on the Johannesburg capital market. Institutional investors will contract to pay for 40 per cent of their subscription on applica-tion. 40 per cent next year, and Public subscribers, including foreign investors, will have to

The decision means that such potential investors as the oil itself against possible oil sanc-tions, has also discouraged

virtual guarantee by the South African Government to main Mr. Joe Stegmann, managing amount to a minimum of 3.6 cents a litre.

The issue is being handled by South Africa's five major merchapt banks. They are confident on the basis of their researches Mr. Stegmann said that international interest in Sasol's operations-it has produced oil the final 20 per cent in 1981, from coal at its Sasol 1 plant since 1955—was running at an unprecedented level because of

the latest oil crisis.
"We are discussing the question of feasibility studies The plant is intended to come majors are less likely to take and subsequent licensing with a on stream in 1982 after the part, although Sasol production number of parties," he said.

Barclays predicts interest

BY DAVID FREUD

BARCLAYS, the UK's biggest bank, says a further rise in interest rates from the present near-record level is likely.
In its latest financial survey the bank doubts whether consumer loan demand will ease this year. This implies heavy

pressure on the banks to satisfy credit demand within the offi-

corset" limits and monetary targets.
Barclays says rationing o advances will be unavoidable if the banks are reluctant to raise base rates to choke off loan

However, even this may not revent a rise in interest rates demand for credit by frustrated borrowers is sustrinstrated borrowers is sus-tained, for they will turn to other markets, including the inter-bank market itself, and push up money rates generally.

The warnings of a further rise in rates represents a marked the equivalent of 27.184p a shift of opinion following the share. A decision as to how Budget, when the Minimum Lending Rate was raised from 12 to 14 per cent. This compares with the all-

time 1976 peak of 15 per cent.

It was widely believed the next move would be downward. Actions

However, last week the Bank of England had to take steps to prevent money market rates moving further above MLR, both by providing assistance in the markets and by postponing a recall of special deposits due

next week. short-term, but Barclays now argues that it is unlikely to

ease in the near future.
It says: "It may be premature to expect a significant downturn in personal sector

Stockbrokers L. Messel and of relief, although it is recognized to small investor because he could construct the signs for an early inised that any change would be respite from excessive bank very sensitive politically policy.

In the Government's general Although some Tories say the first that the bart solution would be not particularly encouraging. According to Laing and and so compensate for some of Cruickshank: "There is an outside chance that the next movement in interest rates will be guarantee that rates will be brought down quickly."

Montagu Loebl Stanley and remain high till September and any relaxation of the higher interest rate policy before this the treatment of businessmen's will be ahead of the game,

£400m dividend pay-out as rates rise restraint ends

BY RAYMOND MAUGHAN

the expiry tomorrow of statu- in last month's budget. tory dividend controls.

official restrictions were imposed in 1972.

Unilever will be one of the first big companies off the mark. Under the dividend-sharing arrangement with its Dutchsister company, the group has accumulated a large pool of un-paid dividends during the past

seven years. those out in a lump sum at a net cost of £52.9m, or 33.52p a share.

Shell Transport and Trading has built up unpaid dividends worth £296.9m net, since 1972, that will be paid is likely to be imminent. The board meet this week and the expectation is that Shell too, will pay a lump

British Petroleum has proup of a £42m special interim ously since then.

SPECIAL DIVIDENDS totalling distribution and a further £5m about 4400m are likely to be for 1978 to compensate for the paid in the next few weeks after cut in income tax announced

BP also expects to increase its 1979 dividend from £97.3m to From Wednesday, companies 1979 dividend from £97.3m to will be free of dividend restraint for the first time since

Apart from special backlog

payments, companies are also increasing the level of their re-gular distributions. Gross dividends on the FT-Actuaries All-Share Index, which takes account of official dividend forecasts by its con-

stituent companies, have shot up by a seventh this month. Leading City stockbrokers estieven years.

On Wednesday it will pay dividends might rise by a fifth. The Dividend Act, 1978, expires tomorrow and, as expec-ted, the Government has made no effort to renew it. Periods of complete dividend freedom have been the exception rather than the rule for the past 14

years. Controls were enforced statutorily or voluntarily between 1965 and January, 1970. The period of freedom under the Heath Administration lasted until November, 1972, and statumised to pay a special interim tory limits on the annual in-dividend costing £47m at the crease in dividend payments end of August. It will be made have been enforced continu-

Tax relief review

BY ELINOR GOODMAN, LOBBY STAFF

The Bank's actions suggest it whether there is scope for changing tax treatment of believes the pressure will be reducing certain types of tax insurance policies is not only in terms of lost revenue.

review is the relief on life insur-against small businesses.

ing income tax.
The feeling is that with direct upward . There is absolutely no taxes being reduced, there is no longer the same justification for making exemptions in special circumstances. The idea behind Co. believe credit demand will any review of existing tax relief would therefore be the same as that behind the current study of

perks.

MINISTERS ARE considering The argument in favour of reliefs that are extremely costly the general lessening of the a terms of lost revenue. need for special reliefs, but A possible caudidate for that the system discriminates

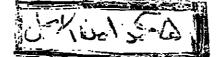
ance policies, which cost the Some Tory backbenchers downturn in personal sector Exchequer £260m tast year. argue that it is unfair that loan demand before the end of the Prime Minister's rejection large companies benefit disprovidence of any substantial tax relief on mortages might be ment funds of life assurance prospective cutback in capital abolished does not apparently companies, which in turn have spending.

> purpose is to widen the tax base that the best solution would be te introduce a new form of tax relief for investment in small businesses, others argue that it would be better to abolish tax relief on insurance premiums and thus put all investment on the same footing.

Any change would doubtless be resisted strongly by some members of the Cabinet Those in favour of the

Continued on Back Page





Iraqi leaders 'executed' after conspiracy trial

highest executive body who on July 12, and arrested four Baath Party members, and were formally accused on Satur- days later, was the one who several union leaders were to day of plotting to overthrow the gave the rest away, according to regime of President Saddam the official announcement and Husseln, may have already been diplomatic reports. executed.

Ayyash, Ghanem Abdul Jalil. Mohammed Mahjoub and Mohie Abdul Hussein Mashhadi all members of Iraq's Revolutionary in Beirut, President Saddam Command Council.

extraordinary" court, had al- and confronted four members ready been executed was carried of the Council with Mashhadi, by Beirut's Left-wing daily As- who reportedly confessed that Safir, which is well informed on they were planning a coup Arab affairs. The newspaper pre- d'etat to seize power with the dicted many more executions help of an unidentified Arab soon, Other reports published in regime. the Lebanese Press vesterday put the total number of people arrested so far at 250.

functions and from the leader- part in the coup.

MEMBERS of Iraq's ship of the ruling Baath Party,

The announcement said Mr. The five alleged conspirators Mashhadi made full confessions are Adnan Hussein, Mohammed before a full meeting of the Ayyash, Ghanem Abdul Jalil, Revolutionary Council, Baath Party leaders and cadres. According to Arab diplomats

Hussein convened an emergency The report that the five, who meeting of the Revolutionary had been tried by a seven-man Council on July 20 in Baghad

Ayyash was named as the liaison with the Arab country in question. He had reportedly Mashhadi, who was arranged for this country to expelled from the Revolutionary send a unit of paratroopers other Government dressed in Iraq uniforms to take

Some 50 Iraqi officers, 100 take part, according to As-Safir.

Arab diplomats are speculating that President Ahmed Hassan Al Bakr decided to step down on July 16 in favour of Mr. Saddam Hussein so the latter could deal with the plotters. Mr. Al Bakr was still in his post when Mr. Mashhadi was arrested.

The official statement said that due to the "national interest" the identity of the "external source" which allegedly provided the money to finance the conspiracy would not be revealed yet.

Observers here believe the allusion is to Libya, whose relationship with Bagbdad has been deteriorating for some

Since President Sadat's visit to Jerusalem in 1977, Libya and Iraq have been vying for the leadership of the Arab world.

Dayan in talks on Sinai forces

BY L DANIEL IN JERUSALEM

Force is being withdrawn. A undertaking given but a few similar invitation has been months ago.

extended to Egypt's Foreign

The Israel Cabinet yesterday

The Security Council did not renew the mandate of the 7,000strong UNEF because of Russian objections, and the U.S. wants the UN Truce Observers (120 unarmed men) to take their

place.
Israel objects to this since this group is subject only to the orders of the UN Secretary General and can be withdrawn by him without Security Council authorisation, as happened before the six day war. More-over the force is much too small to police the large buffer zone and, even if enlarged, it could comprise Russians or troops from other countries which broke off diplomatic relations with Israel and could not therefore be considered neutral.

The U.S. undertook, as part of the peace agreement, to constitute a multi-national force

ISRAELI FOREIGN Minister to supervise implementation of Moshe Dayan will go to Wash- the agreement if the Soviet Mr. Ezer Weizman, did not ington at the end of this week Union vetoed the continuation participate in the session as he ington at the end of this week Union vetoed the continuation at the invitation of Secretary of of the UNEF mandate. What State Cyrus Vance to discuss the forces to be stationed in Sinai worries Jerusalem most at preforces to be stationed in Sinai sent is the fact that the U.S. now that the UN Emergency seems to be reneging on an

> also considered the conflicting reports from Washington regarding the latest U.S. position vis-a-vis the PLO.

is hosting his Egyptian counter-part, General Kamal Hasson

The two Ministers are reviewundertaking given but a few ing the progress made so far months ago. in the Israeli evacuation of Sinai and considering imple-Weizman seems to favour direct co-operation between the two

Afghan Cabinet reshuffle

Taraki of Afghanistan has reshuffled his Cabluet and assumed special powers in an attempt to meet the growing threat of rebellion.

measures expected, but observers say the Ministerial changes indicate only a closing of ranks in the pro-Soviet Khalq Party leadership. President Taraki is taking all decisions on defence and the armed

Mr. Hafizullah Amin, the the Foreign Secretary who some observers expected to be purged, is promoted to Minister of Defence. Major Aslam Watenjar, a leader of last year's coup against former President Mohammed

Another significant change is the promotion of Dr. Shah Wali to Foreign Minister.

Daoid, moves from Defence to the equally influential post

More U.S. car men laid off

By John Wyles in New York

BETWEEN 5 and 6 per cent of the \$16,758 hourly-paid car workers in the U.S. will soon be laid-off indefinitely, after a decision by the glant General Motors to lay-off 12,600

The GM tay-offs will bring the total number of lay-offs by Detroit's big three car companies to 44,100. Chrysler Corporation has sent home 19,200 or 14.5 per cent of its hourly-paid labour force, and Ford Motor Company 12,300 or 6.6 per cent of its total.

Mr. Irving Bluestone, vice-president of the United Auto Workers and head of its General Motors department, blamed Congress for failing to enact a "sensible energy programme" when the need first became apparent several

years ago.
Mr. Bluestone was implying that the industry was a victim of the great public concern about petrol shortages which has dominated the past three months. The other probability, however, is that inflation aillied to a slowdown in personal income gains is cutting back con-

sumer spending. The total number of layoffs at GM will be offset hv the addition of 2,580 jobs at the company's new Oklahoma City plant, which is producing "X" body compact

U.S. Greek bases threat

BY OUR ATHENS CORRESPONDENT

military bases in Greece condi- blocking Greece's return to tional upon renewed member- Nato. ship of the military wing of Nato.

install new electronic observathose closed down after the is impractical. revolution in Iran.

of Cyprás.

THE GREEK GOVERNMENT responsibility over the entire appears to have decided to Aegean. Turkey, which had conmake further operation of U.S. sidered this unfair, is now

Since 1977, however, an agreement has been in opera-Greece has also rejected tion giving Greece and Turkey recent American requests to command over their own air space, while leaving responsition posts, according to an billity for international air space authoritative Greek military in the hands of a Nato com-spokesman. The observation mander from a third country. posts were to have replaced Greece claims this agreement

The Greek Government is The refusal follows a stale- evidently annoyed by what it mate in negotiations for considers a continuing Ameri-Greece's re-entry into Nato's can tilt towards Turkish views military structure, from which and has turned down U.S. it withdrew in August 1974 in demands for expanded transprotest over Turkey's invasion mitting facilities. The matter will come to a head when Nato Before its withdrawal from experts visit Athens in Sep-Nato, Greece had full command tember.

Polish economy hit hard

WARSAW-Poland yesterday tionally the weakest feature of announced some of its worst the economy, did not increase economic figures for years, at all, although output was suprevealing that a bitter winter posed to rise by 7.7 per cent. had dealt a deadly blow to industry, agriculture, construction and transport.

A report by the main statistics board on the first six months of 1979 showed almost no growth so far, in a year when planned expansion was among the lowest since the Second World War. Industrial production, ex-pected to rise this year by 4.9

posed to rise by 7.7 per cent.
The number of cattle decreased by 0.6 per cent, compared with a year ago, pigs by 2.3 per cent and sheep by 0.7

per cent The report also said this year's grain harvest would be lower than last year, neces-sitating further costly grain imports.

Housebuilding was down by

per cent, was only 0.6 per cent 11 per cent from the first half up from the same period last of last year. year. Consumer goods, tradi-

Indian politicians vie for power

MR. CHARAN SINGH struggled yesterday to form a coalition said: "The support announced government in India after the effective boycott by six of the seven Congress Party nominees Mr. Singh was sworn in." This to the Cabinet of the swearing- suggests that Mrs. Gandhi's

Mr. Charan Singh was sworn in as Prime Minister on Satur10 gain the upper hand. day with seven others in his newly formed Janata (S) Party started showing the power she —the "S" stands for secular. Among those sworn in was Mr. Y. B. Chavan, the only member of the Congress Party to join the new Cabinet so far. Mr. Chavan has been designated Deputy Prime Minister in charge of bome affairs.

Other Congress nominees Other Congress nominees stayed, mainly because of strong objections raised by Mrs. Indira support. Mrs. Gandhi has con-Gandhi to the inclusion of ministers of her former Govern- already started making full use lapse and said that he should ment who had later testified of it. She did so even before the then be asked to form the against her in Commissions of nine members of the Charan Inquiry into charges against Singh cabinet were sworn in,

That chapter closed the moment ately stayed out of the coalition

wields. The coalition between the Janta (S) and the official Congress can hope to form the government only with support from Mrs. Gandhi's breaksway Congress (I), which has 69 members in the Lok Sabha

(lower house of parliament). siderable leverage and she has and has made it plain that she Sabha.

A spokesman for Mrs. Gandhi intends to keep the upper hand. Neither Mr. Charan Singh nor by our party was for Mr. Charan the official Congress is happy Singh to form the Government. about this, but there is little they can do about it. They are likely to find the going even harder once Mrs. Gandhi asserts Congress (I) Party—the "I" herself more, demanding that stands for Indira has deliber- cases against herself and her son Sanjay be withdrawn.

The new leader of the oppo-Mrs. Gandhi has already sition, Mr. Jagjivan Ram-who now heads what remains of the Janata Party after the resignation as its leader by Mr. Morarji Desai last Friday—is also attempting to topple the govern-ment. In a broadcast yesterday, Mr. Ram said Mr. Charan Singh was in a minority and so could only form a caretaker Government until he won a vote of confidence in parliament.

Mr. Ram was confident that the new coalition would colgovernment, since he headed the largest party in the Lok

Portugal's woman premier in a male world

By Jimmy Burns in Lisbon

"I'll believe it when I see it," said one of Portugal's leading politicians on being told that 49-year-old spinster Maria de Lourdes Pintasilgo had been appointed the country's new Prime Minister.

The chauvinist reaction was not traditionally been a male reserve. Only 7 per cent of the Portuguese Parliament comprises women. No presiden-tial candidate has ever been a woman, and usually military at that, while all political parties there exclude women from their leadership. Sra. Pintasilgo has no official party links and it is doubtful whether, given the present state of Portuguese politics, whether she would have made the grade other than as anything but an independent

have recently obtained an unpublished paper which Sra. Pintasilgo wrote in 1974 when she was Minister for Social Affairs and already deeply involved in stimulating the Commission on the Status of Women as an effective government department for the promotion of women's rights.

On the role of her sex in society she said: "Within the revolution women can form a 'new left' that will point to a different attitude towards reality. They can thus become dynamic elements in the reconstruction of the country not only by just following the road that men have begun but rather by breaking entirely new ground."

Her thoughts go a long way towards explaining some of the disquiet which the right-wing parties have felt with her appointment.

For Sra. Pintasilgo's vision was directly linked to Portugal's special social and political circumstances and particu larly the transformations following the military overthrow of the old regime on April

As a result of the coup, Por tuguese women threw off their status as second class citizens and became conscious of their power and the opportunities opening to them.

Five years after the coup, with the Portuguese political sys-tem moulded to western style democracy, the revolution looks like having tallen by the wayside. In retrospect though Sra. Pintasilgo's words are still prophetic since a lot of ground has been gained in the meantime.

The constitution throughout the Salazarist Regime based itself on the primitive principle that all animals are equal and defined women accordingly. He stated that every Portuguese

was equal before the law "except for women," the differences resulting either from their nature or from family interests. The basic principle of female

subservience was confirmed in legislation which varied from allowing husbands to open their wives' mail to clemency for men who murdered their wives found

in or suspected of adultery. The 1966 Civil Code stated that "the husband is the head of the family and as such he is to decide and direct on all matters concerning marital Female access to the labour market was restricted and women were legally prevented from becoming

judges or diplomats. Portugal's present Constitution approved by a freely elected constituent assembly in 1975. lays down that no person can be discriminated against on account of sex and that husbands and wives share equal rights and responsibility towards their children and towards each other.

The new Civil Code, which came into force in April last year, confirms women's equal rights within the family. The wife can now choose when and where to work be admitted into the higher echelous of the Civil Service, and can leave the country of her own religious.

volition. There have also been radical changes in legislation govern-ing divorce and illegitimacy, no easy task in a country where the Catholic Church still wields considerable political as well as spiritual

The new Civil Code has annulled the concordat with the Holy See, which had prevented those who married with the Catholic Church from getting

divorce, Other legislation in the pipeline is an Equal Opportunity Act member of one of Portugals leading women organisations told me: "The Constitution is one thing, the other is the reality of Portugal's economy. Portuguese women are stili

the first to be dismissed and the last to be employed." It is doubtful, given Portugal's self-imposed austerity whether this pattern will change dramatically in the short term. But with the appointment of Sra. Pintasilgo Portuguese women have at least some ground for hope.

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NIGERIA'S DRIVE TO CURB IMPORTS

Britain begins to feel the bite

An important factor was the betkeen the UK and Nigeria,

Nigeria's austerity measures have reduced imports

from Britain to £237m in the first six months of this

year, a 60 per cent drop from last year's total figure of £1.1bn. The UK Department of Trade is optimistic that the position will improve in the second half with

monthly figures now showing signs of improvement

NIGERIA'S efforts at reducing UK imports, at an average of imports are finally showing substantial signs of success following a series of austerity measures introduced by the which was foreshadowed in the Government of Lt-Gen 1978 budget, was most effective 1978 budget, was most effective ping Conference, which handles Olusegun Obasanjo. in putting the brakes on the flow of imports.

Its programme of recovery began formally with its April, 1978, budget, which cut back government spending and sought to curb the flow of entirely unpredictable in a imports and the drain of country where politics has currency into foreign hands. This was followed last April with a new budget refining many measures brought in during the previous year.

In the new budget, Maj.-Gen. J. J. Oluleye, the Federal Commissioner for Finance, described the then-existing situation as "relatively happy," but added that further constraints were required "in the light of the experience gained in administering the measures introduced last year."

The new budget placed under

import licence restrictions a wide range of finished goods and foodstuffs ranging from perfumes, cosmetics and buildng materials to butter, cheese, frozen meat, grains and rice.
As a further safeguard, the
Government last December hired the Societe Generale de Surveillance, the Swiss-based customs pre-inspection company to police at their points of origin al major foreign cargo ship-ments bound for Nigeria.

The cumulative effect of these measures has been to slash Nigeria's imports from the UK by some 60 per cent ever the first half of this year to £237m, an average of £39.5m per month. This compared with last year's Ghana Kenya, Zaire, total of more than £1.1bn in and the Ivory Coast.

ing shipments.

Mr. H. B. Newman, the British Caledonian Airways, managing director of SGS in with a combined total of about

ordered, the company handled numerous Ai national accounts, such as pre-inspection programme as to

would appear to pay more for month to Nigeria 18 months ago, goods ordered merely as a or well over 1m tonnes of goods means of moving excess cash annually. This declined to about out of the country.

two shiploads per month this two shiploads per month this But the aims of the policy year. This is only just now part, the sheer administrative beginning to show signs of complexity of introducing pre-shipment inspection has played a central part in slowing down the overall processing of incom-ing shipments. ment levels.

share of all sea-going cargo

The downturn in experts from priority goods brought anto the Britain is borne out by the country be moved by ship rather Probably more than any other experience of the major ship than by more expensive air

measures, the SGS agreement, ping companies themselves. transport, a BCal official sate The UK-West African Ship While the shippers, generally ping Conference, which handles are concerned at the loss of about 85 per cent of the market posiness, they readily acknowabout 85 per cent of the market ledge thi the excesses associated with the mid-1970s Nigerian oil boam led to a chaotic struction.
At one time it was estimated
400 ships were laid up pussioe
Lagos, some having to wait
nearly a year to discharge
cargo. The backlog was so curbing of "over invoicing," says that it was moving seven under which Nigerian importers to eight shiploads of goods per riers found themselves fixing in shipments of cament and cars, goods that otherwise would always be moved by sea.

Britain's Description

Britain's Department of Prace is concerned at the exports the exports in concerned at the exports with has craditionally enjoyed its largest trade surplus with Nigeria, and if seems certain this will be seriously reduced by the year end. For example, in 1877 Britain's Nigerian exports exceeded imports by a continue of the continue o

It is captionsly optimistic however, that an upward trend in exports is beginning to remanaging director of SGS in the UK, said the pre-inspection 55 per cent of the overall air the UK, said the pre-inspection 55 per cent of the overall air however, that an upward freud freight market out of the UK. The company, which has been in business for a dozen years, described the cargo charter business, and is turn to its Nigerian trade. The southbound flow of goods fell react, but part of a bigger only in the holds of its month of the SGS agreement to scheduled flights.

With a staff of 600 in the UK. Through the 19773 fiscal a low of 26m in April, but this cargo to Nigeria, about in June voices and money paid match that each on scheduled and it is hoped that the worst of the description of the goods charter flights.

Te business downturn is as with the ansterity drive are now the angled numerous. African much attributable to the SGS were and that there will be a

numerous African much attributable to the SGS ever and that there will be a accounts, such as pre-inspection programme as to steady superviewed for the rest lenya, Zaire, Tanzania the Nigerian Government's of the year, in support of twory Coast.

UK mission urges development | S. Korean of Brazilian coal resources

BY DIANA SMITH IN RIO DE JANEIRO The mission was able to

A BRITISH coal mission has spent a week in Brazil at the invitation of the Government, inspecting the country's coal mining area and holding pre-liminary talks with senior officials and technicians.

Initially, the mission has offered to advise the Brazilian Government on a broad spec-trum energy plan within which a rational coal utilisation plan would be dovetailed.

This would include alternative uses of coal, such as gasification, liquefaction, fluidised bed combustion—a technology for which the UK has advanced methods—conversion of exclusively for steel making, existing oil burning equipment since utilisation as: an alternato coal for the cement industry, tive to fuel oil for industrial personnel, and selection and working of the most appropriate mines.

The mission was headed by Dr. J. Gibson, of the National Coal Board, and included Dr. P. Finlayson, deputy managing director of Coal Processing Consultants (jointly owned by the National Coal Board and Woodall Duckham), Mr. W. Writed to coal firing without mission feels it has a strong reducing the coal firing without mission feels it has a strong reducing the coal firing without mission feels it has a strong case for Brazilian acceptance of its suggestions, particularly, if the essential problems lie not the emphasis on coal utilisation of the director of Coal Processing Con-

Steenkolen Scheepvaartmij

(SSM) of Rotterdam, a part of

Netherlands which would use

the coal to fire two power stations due to be built.

Dutch Government approval has now been granted for the

banks who are financing the deal

to advance funds to the Poles,

Mr. W. Peek, director of SSM

said. He could not confirm re-

ports that an advance of FL100m

SHIPPING REPORT

(£22m) is being discussed.

BY LYNTON McLAIN

large crude carriers (VLCCs)

moderated last week from the

peak of two weeks ago, but

demand for smaller tankers was

The downward movement of

rates resulted from a lack of

demand by charterers for ves-

sels available for immediate

Interest picked up towards

and inquiries and orders

stopped rates falling to the low

Worldscale 50s as had been

After the owner of a 220,000-

deadweight-ton tanker offered Worldscale 55, rates for firm charters fixed at between

Worldscale 60 and 63, the rate

These rates compared with

varying with vessel speed.

loading out of the Gulf.

feared earlier.

maintained in most world mar-

BY CHARLES BATCHELOR IN AMSTERDAM

deal which would be worth The Netherlands. about \$24m at current prices. Polish coal

the SHV trading and transport \$37 a tonne cif, but importers group, said it is in the early are keen to diversify their stages of negotiating with sources of supply, Mr. Peek Poland and with utilities in The said. High freight charges make

VLCC rates moderate

the end of the week, however, structure would remain.

vessels.

less active in all respects.

assess, after on the spot inspection of Brazil's coal mines and techniques, what range of service Britain might offer. The challenge is now con siderable, since the financial

implications of this year's

OPEC increases have become apparent. This has moved the Brazilian Government to ug-ently study all alternative fiel sources, particularly Brazil's 20bn tonne coal reserves, The coal is low grade, with a high sulphur and ash content.

fuel oil in the cement industry. which consumes 26 per cent of all fuel oil.

Boilers, according to both

Duckham, mr. n. r. Reny, or British Mining Consultants, and Dr. G. Thurlow, of the NCB's only in the coal's poor quality is to be conversion of the Coal Research Establishment.

The quantities of coal involved ported through Rotterdam and

consumption of steam coal in power stations fits in with Government policy of reducing Polish coal is currently the use of gas for electricity slightly more expensive than generation, though oil use is

Holland seeking Polish imports

South African coal, which costs

Australian coal uneconomic,

while British and West German

THE NETHERLANDS is negotiating the import of 600,000 in this contract are equivalent Amsterdam. The increase year over a 10 year period in a consumption of steam coal in power station Government of Covernment of

reserves in the far south, several hundred miles from major in-dustrial centres, as well as in the rudimentary, labour-intensive mining techniques. The British coal mission feels

that as long as planning is methodical and cost effective-

ness stressed at every stage, Braff's coal can be usefully developed. developed.

Imports of foreign expertise

and equipment, in the initial

Astronomy are inevitable, as is mas
asive investment, but Dr. sive investment — but Dr. Gibson, for one, feels that initial heavy outlays will be justified by long term savings of oll decirations.

derivatives.

A sumbling block to these ambitious plans may be the new, During June, exports remained. close attention the Government is paying to the balance of pay Now, however, domestic coal has been made a high priority, essentially for an alternative to which, this year, could raise the current account deficit to \$8bm. The authorities are keen foavoid massive outlays of foreign

The increased use of coal in

expected to increase in the

medium term until the use of

alternatives, such as nuclear

power and coal, has been stepped

A major coal and ore hand ling group in Rotterdam has announced plans to expand the

deficit increases

By Ron Richardson in Secul.

SOUTH KOREA incurred a deficit of \$2.9on (£1.3bn) in its merchandise trade in the first half of 1979 compared with a Cattac shortfall of only £757m in the Cattac same period last year.

The main contributor to the 1-0111V deterioration of the trading account was a 50.1 per cent in trease in imports to \$9.7bn, 121111C turing the period of th of import controls as part of Government policy to dampen domestic inflation by increasing

the flow of goods and equipment into the market.

Exports in the period increased 18.8 per cent to \$6.80n. During sune, expects a minimum, a static at \$1.280n while imports and a minimum, a showed a slight decline

Earlier this month the

Economic Planning Board

reduced to \$15.Ton the merchan

dise export target for the year,

while reduced to the interest for while raising the import fore cast by \$400m to \$18.9bn, point a proposed in ing to a trade gap of \$3.9bn, for

Downturn in exports of Swiss clothes

is reported in Swiss exports of lad ready-made clothing this year so, far, with sales to foreign markets down by 8.2 per cent to SwFr. 234m (£60m). This decline, according to a statement put out by the Association of the Swiss clothing industry, took place despite a increase. took place despite an increase of sales to West Germany—which now takes 45.5 per cent of all Swiss clothing expor to such major markets las the UK and Japan At the same time, clothing

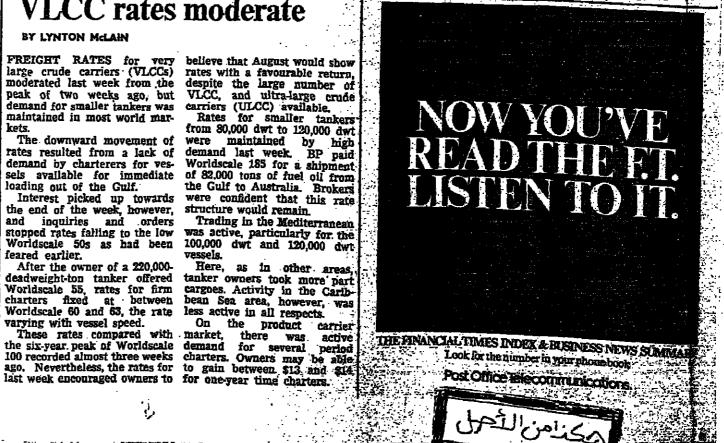
imports into Switzerland rose by
4 per cent to Switzerland rose by
ing to a record semi-annual
foreign-trade deficit in this

while British and west cerman coal is also expensive.

In 1976 SSM contracted to annual imloading capacity of its sector.

In 1976 SSM contracted to annual imloading capacity of its sector.

Rotterdam terminal by 10m Particularly important were the increased West German and Europees Massagoed Overslag Italian deliveries, while the cheaper than natural gas and 30 partly owned by SHV, will be cent cheaper than oil, SSM spend Fl 45m (£12.5m) on a downward trend, only faiwant moticeably increasing its exports third unloading bridge and noticeably increasing its exports to the Swiss markets. The share of Asiatic clothing manufacturers and on extending conveyor belt imports fell from 16.6 to 13.4



Co who take the ward not her will Bettal read trans Azzia prove to be Fire haute eleph in the specifity a mania roly ent s muching their 10ad '9 Taul, and AN "unfavourable development" "" by rail

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Note:

1

deficit

Double

17 15

UK NEWS

the bite Banking Act starts from October 1

BY DAY TREUD

applied by that date must then stop taking deposits.

In a Parliamentary Written been dealt with.

Answer, Mr. Nigel Lawson, The delay is because the and "licens."

Financial Secretary to the size of the levies to finance the institutions."

By Our Consumer Affairs

THE IMPACT of the Budget is

likely to slow the increase in

real consumer spending to

about 1 per cent in the second half of 1979, according to stock-broker Phillips and Drew. A

further slowdown is expected in

The broker in its latest re-

view of retailing, says that al-though disposable incomes will receive a substantial boost from

the reduction in direct taxation

-particularly in the fourth quarter of 1979 when the main

tax rebates are due—this will be offset by the increase in in-

Phillips and Drew estimates that the VAT increase alone will

add 3 per cent to the retail

price index. The likely reper-

cussion will be to put pressure on gross margins. But in food retailing, where gross margins

have been widening slightly to

absorb rising costs, this trend

is expected to continue in spite

RAC attacks

Channel tunnel

THE ROYAL Automobile Club

of sluggish demand.

rail-only

tehicles by train.

THE MAIN provisions of the number of deposit taking and most of the third parts of the number of deposit taking the Act would come into operation on October 1.

Barks and other institutions the Act would come into operation on October 1. A stantory the Barking Act, which instrument had been made to received Royal Assent at the

which wish to continue taking instrument had been made to receive deposits must apply for suthorisation within the following six months, by April 1, 1980.

Institutions which have not applied by that date must then

The Banking Act, which received Royal Assent at the beginning of April, provides a statutory framework for the

The Act, which grew out of or as soon as most applications for deposit-taking authority had been dealt with.

The delay is because the 1978/74 secondary hanking crisis, lays down a two-tier system of "recognised banks" and "licensed deposit-taking

Brake effect November closure of Budget for sugar refinery put at 1%

BY JOHN EDWARDS, COMMODITIES EDITOR

TATE AND LYLE is to close its Walkers sugar cane refinery at losses have been in Scotland and Greenock in Scotland in Nov Northern Ireland, traditionally

Walkers, the smallest of its refineries. four remaining UK refineries with an annual capacity of 110,000 tonnes, is to be merged

increased to 140,000 tonnes. The combined workforce will in the two regions to 140,000 to cut from 330 to 393 embe cut from 330 to 393 employees by early retirement and

voluntary redundancy.
At the same time, Tate and Lyle is helping to expand a Scottish electronics company at Greenock which is expected to provide 150 new jobs over the next five years. The present workforce is 20.

Tate & Lyle claims that a rise about £3m a year.

Some of the biggest sales serviced by

In Northern Ireland, imports from the Irish Sugar Corporation have risen to 29,000 tonner with Tate and Lyle's other Scot-tish refinery at nearby. West-hurn, where capacity is being (68 per cent of total sales there) the market. This has cut Tate & Lyle sales

duction capacity of the Scotlish refineries totals 250,000 tonnes. Tate and Lyle has already reduced refining capacity, mainly at Liverpool. The hoped-for decline in EEC

imports has not materialised. Instead, they have risen to over 200,000 tonnes annually. At the same time, the depressed world in EEC sugar imports reduced sugar market has meant heavy UK exports, and that a decline losses on exports, which have in UK sugar consumption to fallen from over 200,000 tonnes 2.4m tonnes has created a in 1976 to 55,000 tonnes this surplus production or over year. The company expects to 100,000 tonnes costing the group lose £1.5m on exports this year year. The company expects to alone, even at the reduced level,

Avon plans £1m expansion for polymer factories

AVON INDUSTRIAL Polymers,

has told Mr. Norman Fowler, the Transport Minister, that it opposes latest plans for a rail-only Channel tunnel without facilities for moving road tehicles by train.

The company will increase modern facilities of their type in production at its Melksham and Chippenham factories in Will-that there is a very exciting long-term future for our busilities by train. has told Mr. Norman Fowler, the Transport Minister, that it penham factory.

Mr. Jack Williams, chairman of the RAC's policy committee, has written to the Minister calling for consultation with road transport interests about the plan.

"A rail-only tunnel on the basis now proposed by British
Rail will not benefit those
motorists who take their cars
abroad and neither will it help
commercial road transport.

"It could prove to be the most expensive white elephant ever built, for the viability of the project would rely entirely on firms' switching their freight from road to rail, and passen-sers travelling by rail instead of by road."

"We see a strong and continupart of Avon Rubber, is to exing demand for our various pand its plants, at a cost of £1m specialised product groups in because of a rapid growth in the UK, Europe, North America domestic and export business. and Japan.

size of its newly-opened Chip-

made by the Avon rubber group in non-tyre activities has enabled us to accelerate our growth.

ness."

penham factory.

The main reasons for expan-mental stacey, managing sion, Avon states, are increases director, said: "During the past in demand for golf grips, milkthree years the investment ing machine components, plain paper copier rollers and new contracts from UK and Euro-pean car builders for Avon's seals-mainly for windscreens.

Women's work scheme expanded

THE Wider Opportunities for The scheme re-trains women Women scheme—so far availin skilled trades. able in Birmingham and Cardiff —will be extended in the mission report published yester-autumn to Bath, Coventry, day says the pilot courses in Harrow Hendon, Leeds, Oxford, Birmingham and Cardiff, helped

A Manpower Services Com-

Newcastle, Stockton and Billing- women readjust to the working world.

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voluntary contributions and we desperately need to buy more lifeboats which are now costing over £250,000 each.

For more information contact: The Director, RNLI, West Quay Rd., Poole, Dorset BH15 1HZ.

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1,000 more garages may close By Our Energy Correspondent

A FURTBER 1,000 petrol

stations could close this year in addition to the 1.400 which ceased trading in 1978, the Motor Agents' Association has

The association has told the Department of Energy that closures might be caused by the way oil companies allocate supplies. Smaller and medium sized filling stations are losing sut on deliveries tause allocations are based

on last year's sales. However, during 1978 the oil industry was engaged in a price-cutting war and the larger filling stations were receiving subsidies from oil companies in order to main-

The association is taking up complaints with the Departthe procedure for allocations. Many members feel they are being unfairly treated by their oll dompany suppliers," said Mr. Bob Pearson, the association's director of petrol

Store freehold sold for £17m in leasing deal

RAYBECK, the fashion retailer and manufacturer, has agreed to sell the freehold of its Bourne and Hollingsworth store in Oxford Street to Equitable Life

Assurance Company for £17m. Equitable Life (which has acted in association with Scottish Amicable Life Assurance) will lease the store back to Ray-beck at an annual rent of .000,000

Mr. A. Simons, Raybeck's deputy chairman, said the rental was about half the current market rate for the store.

The lease is to run for an initial period of 35 years but with a maximum possible life of panies Bill, which will have its 200 years. Rent, to be reviewed second reading in the House every five years, will be kept at half the current market rental over the period of the initial

Involvement

Although it will no longer own the freehold, Raybeck will retain its freehold rights for half in future development decisions. Mr. Simon said that after taking into account overdrafts and borrowings raised to meet Raybeck's £12m acquisition deal of the store group last year, the group will be left with around

£11m from the sale and lease-He said the group would now

opportunities. Raybeck last September acquired the leasehold of the Oxford Street store as part of its fil.3m takeover of Bourne and Hollingsworth. The group subsequently paid another 1750,000 to buy the freehold.
Mr. Simon said that the store was now worth around £30m.

Parliamentary system 'hamstrung'

Financial Times Reporter

BRITISH INDUSTRY is hamstrung by a Parliamentary system which is unequipped to take major policy decisions, says Sir Richard Marsh, chairman of the Newspapers Publishers' Associa

tion.
Politicians are unable to look at commercial issues "in a rational and numerate way," he says in the latest edition of the business magazine Industrial Management.

He claims that the structure of Parliament has remained re-

latively unchanged over the past 250 years and is not geared to the type of managerial decision-making process required today. "What we have are 635 people from different back-grounds having a sort of chat four days a week and a Cabinet which is not much better. The whole thing is totally ineffectual."

As a result, he claims, Parliament is becoming less relevant in industrial matters and the National Economic Development Council probably carries more influence over prices and incomes than the House of Commons—" and rightly so."

Home buyers seek advice

MORE THAN 100 callers a day are seeking home buying advice at the Greater London Council's home ownership office in Covent Garden, which gives details of homes for sale, home loans and the GLC's homesteading scheme.

The office was opened three weeks ago by Mr. John Stanley, Housing Minister. More than 1,500 people have visited, seeking help and guidance.

Mr. George Tremlett, leader of the GLC Housing Policy Committee, said the response from potential home buyers showed what a positive role the office could play.

Merseyside 300-acre dockland site will be let to council

MERSEY DOCK and Harbour Company has decided after all to go ahead with its plan to let 300 acres of former dockland to Merseyside County Council.

Last month Sir Arthur Peterson. Mersey Dock's chair-man, fold shareholders that other options for the disposal of the South Dock site were to

This followed the Government's decision to scrap the Community Land Act under which the council would have been able to compulsorily acquire the site if a lease had been refused by Mersey Dock. However the company has now decided to go ahead with the letting at an annual rental thought to be between £300,000 and £400,000.

The council is expected to approve the terms of the lease, to run for 150 years, at its August 7 meeting. The council will also have the right to acquire the freehold after January, 1995 — or earlier if

within the area which contains some 3.5m square feet of build-ings. A council spokesman said that encouragement will be given to the retention and growth of existing firms and employment in the South Dock.

industrial firms already operate

A number of redevelopment schemes are also being considered. These include a trade centre and office complex at Canning Dock and a leisure centre and hypermarket.

The council also proposes to develop a maritime museum on the riverfront at Canning Dock. The deal is significant for Mersey Dock which in 1995 faces its first interest bill payable on loan stock issued after the com-pany almost went bust in 1970. It was only rescued after a capital reconstruction involving a 60 per cent write-down of capital and the issuing of loan

stock carrying a 10 per cent The injection of cash from the the letting comes after the company incurred a £1.47m pretax loss last year after re Around 100 commercial and dancy payments of £2.7m. tax loss last year after redun-

Company law to move closer to EEC rules

BY CHRISTINE MOIR

next month with the publication, promised by the Government, of a consultative document covering proposed changes in accounting principles and disclosure regulations.

In particular it will outline the relaxation of disclosure rules for "proprietary" com-panies: small companies managed and owned by the same people. Details of these changes were omitted from the Comimmediately after the Parliamentary recess.

because the Government wanted ing.

COMPANY LAW will be to include that element in the brought closer to EEC practice consultative paper.

The timing of the paper means that the next Companies Bill, which will implement the EEC's Fourth Directive, is likely to come before the House in autumn next year rather than spring.

The Fourth Directive is the chief instrument for harmonising rules for formation and supervision supervision of companies throughout Europe.

It includes provisions for several tiers of companies, the lowest of which would be proprietary companies. They would be required to provide less in-At its first reading, Lord formation in their accounts than Trenchard, Minister of State for large public companies and Industry, said that the omission would face less stringent audit-

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Business information... where can I get the answers I need?

The Financial Times as the businessman's newspaper, is probably one of your prime sources of information. But often, you will need to go deeper and cast the net wider; and, to that end, the FT can help you even more by putting its own information centre at your disposal.

Over the years we have built up an extensive library and a network of information contacts

which is almost certainly unequalled elsewhere in the business community. We have developed a research centre of people experienced at using these resources and matching them to particular business needs. This FT information service can now be made

available to a further limited number of subscribers who will be given direct access to the research staff through an ex-directory number. The scope of our service is so broad that it is

best explained through demonstration and discussion, but two examples of how our current clients make use of the service may help to clarify the possibilities.

Client A: A Merchant Bank

A merchant bank finds we can supply the back-up information needed to analyse individual companies as prospects for investment and loans. Not only in the form of 'hard' detail on the published financial standing of a company but also the 'soft' information gathered from press coverage of their

policies, the people who own and run the company and their new product development stance. Sometimes the information available to the FT information service is so 'live' it has not yet percolated through to the business community at large. The bank also finds we are the authoritative source of foreign exchange rates, which are often needed as far back as 5-10 years.

Client B: A leading Advertising Agency A leading Advertising Agency looks to us for information on new markets which are being investigated for the agency's clients, and data is drawn from many sources gathered together at the FT. Interpretation and analysis of the information is also provided when required. Frequently this research has to extend beyond the UK and here our worldwide network of contacts becomes extremely useful. The agency also finds we can brief them on organisations who are their potential clients, right down to autobiographical details on the senior managers.

There are of course, many other possibilities and our clients cover the entire field of business and industry. It would certainly be in your company's interests to join the exclusive circle of well-informed organisations we serve. Why not telephone the Financial Times Business Information Service and

discuss the facilities in greater detail with us.

From the FT Business Information Service



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FINANCIAL TIMES
BUSINESS INFORMATION SERVICE

Bracken House, 10 Cannon Street, London EC4P 4BY

Position

British Musical Instrument Trade Fair (01-428

4700) (until August 1) International Gifts Fair (01-855 9201) (until Aug. 2)

Typeside Summer Exhibition (0632 28520)

WORKSHOP (01-647 1001)

British Furniture Manufactrs. Exbn. (01-724 0851) Custom Car Show (08833 4371)

International Craft and Hobby Fair (04252 72711)

Education and Communication Technology Holland Park School

Exhibition (01-722 4139) International Motor Cycle Show (01-741 2156)
International Music Publishing and Recording Industry Show—INTERPOP (01-486 0059) Earls Court 🗀 . Connaight Rooms L

Offshore Europe Exhibition and Conference (01-Aberdeen 549 5831)
Point of Sale Exhibition (01-340 3291)
International Carpet Fair (021-705 6707)
International Inplant Printing Show—REPRO. West Centre Hotel, London Harrogate

Wembley Conference Centre

Electronics Show (08833 4871) MAB '79_International Menswear Fair (01-839 Bristol Exhibition Centre Filtech/Dustex '79-2nd World Filtration Exhibi-Firetech '79 International Fire Protection and Brighton Exhibition Centre Control Exhibition (01 637 2400)

Weightech '79 (01-686 5741)

Metropole Exhin Central

The International Hardware Trades Fair is to be held at Olympia from September 7-12, 1980, not this year as listed last week.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Horse Show (Dublin 680645) Computer Exhibition (01-930 7955) Austrian Timber Fair (01-584 6938) Aug. 7-11 Aug. 9-10 Hong Kong-Aug. 11—19 Aug. 13—16 Austrian Timber Fair (01-584 6938)

National Hardware Show
ENVIRO 79—The International Environmental and Singapore
Engineering Exhibition
International Trade Fair (01-486 1951)
International Fair
International Packaging and Food Processing Johannesbur Exhibition—PAKPROCESS (01-486 1951)
International Radio and TV Exbn. (01-540 1101)
Zuspa: International Shoe Samples Fair
International Fair (01-734 0543)
International Fair (01-734 0543)
Pharmaceutical and Chemist Supplies Exhibition
(01-486 1951)
Electrical and Electronics Components Exhibition
Gothenburg
Timber and Woodworking Industry Exhibition
Moscow Aug. 13—17 Aug. 17—26 Aug. 20—Sept. 20 Aug. 20—24 Johannéshurz Aug. 24-Sept. 2... Aug. 26—27 Aug. 26—29 Aug. 26—29 Aug. 26—29 Aug. 28—31 Aug. 29—Sept. 12 Aug. 31—Sept. 9... Sept. 3—10 Sept. 8—21 Sept. 8—11 Sept. 8—16 Sept. 8—16 Timber and Woodworking Industry Exhibition International Fair of Consumer Goods (01-874-6834). International Trade Fair
International Fair of Algiers Technical Trade Expo (01-242 4784)
International Leather Week (01-439 3964)
International Autumn Fair (01-584 6938) Paris : Sept. 12—20 Sept. 13—16 International Engineering Fair (01:278 0281) International DIY Trade Fair (01:238 0911) Systems '79 International Exhibition of Computers

and Peripheral Equipment (01486 (951) Industrial Equipment and Material Exhibition— INDEQUEX BUSINESS AND MANAGEMENT CONFERENCES

Oyez-IBC: International Conference on Collesive Churchill College, Cambridge Sediments (01-242 2481) (until Aug. 1)

Compower: Basic Trainee Programming Course Cannock, Staffs.

(Cannock 2511) (until Aug. 17)

British Safety Council: Product Liability—Let the Hilton Hotel, W1 Seller Beware (01-741 3812)

MSS Computer and Business Consultancy: The Worthing
Executive Secretary (Worthing 34755)

Brunel Management-Prog: Production Management Brunel University
and Human Behaviour (Uzbridge 56461)

MSS: Management Skills for Women (Lincoln Lancoln 38520) SS329).

EMS: The Japanese Approach to Product Quality
Management (High Wycombe 33171)

Freight Information Services: Practical Marketing
for Road Haulters (Southport 38516)

ASUAG: International Chronometry Congress (01-Southport Geneva 387 0116) Financial Times: Korea in the 1980s (01-236 4382) Sept. 12-13 International Newspaper Promotion Association: International Newspaper Promotion Association:
9th European Conference
Society of Chemical Industry: Marine Corrosion
on Offsiore Structures
CILA: Equational Conference (01-240 1496).
MSS Computer and Business Consultancy: Effective
Budgeting and Financial Planning (Worthing
34755)
Branel Management: Experimental Methods in
Management Training (Uthridge 56461) Munich

July 31—Aug. 4... Aug. 5—8 Aug. 17—19 Aug. 19—23

Sept. 16-19

Sept. 18-21

Sept. 17-20

BY ALAN PIKE, LABOUR CORRESPONDENT

MEMBERS of the 2,500-strong competitive finance.

Voting was 1,698 in favour number of insurance staff

amalgamation will encourage non-political, responsible trade

the union to seek further unionism is attractive to staff in strengthening of its position in the finance industry."

SIX HUNDRED Post Office data processing branch said it

computer strikers, who have was campaigning for rejection stopped telephone bills going Voting is expected to take a

fortnight.

Post Office strikers

attack 18% offer

Phoenix Staff Union have voted

seven-to-one to amalgamate

with the Banking, Insurance

to 251 against, a majority of 1,447. The merger will take

place by a transfer of engage-

ments under the Trade Union

Last year the 5,500-strong

Guardian Royal Exchange Staff

Union merged with the BIFU.

formerly the National Union of

Bank Employees. The new

out for more than three months,

came out yesterday against an 18 per cent pay offer on which

peace hopes rest. They threatened to continue un-

The Post Office and data pro-

recommending the offer.

official action.

fight the next general election Government should reflect more come to end patronage within on a radical, socialist pro- precisely the aspirations of its the Labour movement and end the right of veto of any one person or group over the manifesto.

> Labour moderates responded with a call at the weekend to the trade unions and party members to fight the "lunacy of the Left."

(Amalgamations) Act. The Campaign for Labour Vic-The Phoenix Staff Union tory group said that the Leftrepresents most staff in the dominated national executive Phoenix Assurance Company. was disrupting the party and It has been the sole negotiating driving away middle-of-the-road body within the company since

were a cynical attempt to gain control of the party for the

The Benn reform proposals

State cuts justified, says Prior

THE GOVERNMENT'S cuts in the planned levels of public spending were vigorously defended by Mr. James Prior. the Employment Secretary, at the weekend. Ministers hope that local authorities administering grants will bear that in sind when

The world economic outlook had reinforced the need for a new approach, he said in an open letter to his constituency party, Lowestoft.
"As a nation we simply can-

not afford to carry on as we have

done in the past." Growth in the economy in the near future would at best be nil and there was a strong possi-bility of decline. Provisional figures indicated a £2bn balance of payments deficit in the first

six months of the year. and Public Service Association The country's manufacturing base was narrowing and more are being balloted on the offer, which involves staged payments, and more goods were being imported, said Mr. Prior.

Against that background no

responsible Government could conceivably afford to spend at the levels planned by the Labour Government The choice facing the Cabinet had been plain, either to

go ahead with Labour's plans and "take money from every-body to pay for them." or scrap the "spendthrift" plans and ease the burden on the productive side of the economy.
"No Government takes such decisions lightly. Every Minister is aware of the difficulties that people will have to face,

even when it is the planned

growth in Government spending

programmes which will be re-"But the truth is that extra edition of ing and bankers Manufacturers spending on services can only Exchange Rate Outlook (pro- Hanover-says that there is a come when the country has cre-

> **Building society** backs grants

Building Society has set aside £100,000 this year to lend to individual 0 w n e r s in Manchester's Acres Road. Chorlton-cum-Hardy, general improvement area.

Since the improvement area was declared, demand for grants from householders has been considerable. The building society will consider loans to owners to cover their share of the cost of improvements not allowed for in the grant Loans will also be available to buy houses in the area.

About 20 offshore installations and Auk remained unaffected. are affected but operators said BP has moved 500 non-

Production was at peak, BP said: "The dispute, has put us to some discomfort by moving people off and it has disrupted non-essential construction work

Shell, which has reduced man-

Radio praised

THE BBC Radio 4 Today pro gramme has been given two awards by Aims, the private enterprise organisation, after an analysis of a month's output. It is given a best programme award for its presentation of public issues. But it also receives a little wooden microphone for poor balance, which resulted from a preponderance of trade union speakers, Aims

announces today.

Last month there were 13 trade union speakers on the programme. tions, apart from one speaker from the Confederation of British Industry.

MP urges extra

A TORY MP is seeking extra help for expansion of the forestry industry as Britain is one of the least forested countries in the Common Market. Mr. Russell Fairgrieve (Aberdeenshire, W.) said the country depended on imported timber yet the main suppliers-Russia and Scandinavia—had a grow-ing rate only half as good as

In a pamphlet published by the Conservative Political Centre, he called for bigger grants and/or a funding system that would give farmers advances on income from

GEC strike for more pay

divisions of the GEC works at Stafford will be affected today by a strike involving 2,000 hourly-paid workers.

They want a 20 per cent pay increase and decided at a mass

cessing branch of the Society of Civil and Public Servants has voted by 625 to 67 to censure union leaders for They added that if it was accepted, the value of the phone bill backlog would be more than £900m, and the task of About 45,000. Post Office members of the SCPS and Civil clearing it would be so complex that it would continue to rise for at least a month. Even with full union co operation, telephone bills would

Computer branch members

claimed the offer would not

match the pay levels of Post

Office engineers, nor increases

of up to 24 per cent won by Civil Service computer staff.

A statement from the union

yesterday said that a high per-

centage of insurance staff

belonged to no union, while a

associations were contemplating

The union intended to open

merger discussions with those

associations to consolidate its

position as "the most appro-

priate union for insurance staff.'

Mr. Lief Mills, general secre-tary, commented: "We are delighted that the members of the Phoenix Staff Union have

voted by such an overwhelming majority to merge with BIFU.

BIFU as the union for insurance

staffs but also demonstrates that

The result not only confirms

their future development.

productivity bonuses, and a not get back to normal until new pay structure. The SCPS July 1980, they claimed.

Personnel departments of big

Oil companies take more men off strike-hit rigs

BIG OIL companies continued ning on half its North Sea instalto move men ashere at the week- lations, said that production had end as the North Sea catering not been reduced on Brent B workers' dispute affected more and Dunlin, platforms affected by the strike. Brent A and D rigs and platforms.

yesterday that production had oil companies are expected to meet in Aberdeen today to dismeet in Aberdeen today to discuss the strike, but BP said: essential maintenance and con- "It is a contractors' dispute. struction workers from the We are not interfering but are giant Forties Field, but the keeping it under review."

but that is the extent of the

representatives of free enter-pris, and three form the nationalised industries. Aims says. There were no represen-tatives of employers organisa-

aid for forestry

Scotland's.

PRODUCTION in all eleven

increase and decided at a mass meeting to take the strike action after rejecting the company's latest offer.

Sept. 16-21

Sept. 17-21

pt 51k, 1981, 2.54p tel (Harrogate), 0.3619p ant 6.15p, 6pcPf, 2.1pc 1. 2.607p

BOARO MEETINGS-Finals: ableform

Security and Survival in an Age of Violence (01-734 2851) The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Cattell 3.85pcPl., 1.925pc Loan Sik., 41pc (Rubber) Dev. Synd., 3.5p 6pcPl., 21pc

University of Aberdeen

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Thursday ...

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Citi she to

the color of he is

Royal Lancaster Hotel, W2

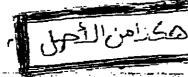
Brunel University Management Training (Uxbridge 56461)
Lamsac: Job Evaluation (01-828 2333)
The City of Westminster Chamber of Commerce: Buckingham Gate, SWI H.M.S. Belfast

WEEK'S FINANCIAL DIARY

5 Co's Brewery 4.2pcm.

electrica

MUMINIM ON LONDON OI-581 WRECH (PH I) III



Insurance union

in merger

and Finance Union.

for Labour-Benn THE LABOUR Party should the party that the next Labour tive believed that the time had

There was no split in the party, he added. "We are one tory in 1945, Mr. Anthony Wedgwood Benn said yesterday. party . . . but there is a very This was the aim of the party important discussion going on." reforms for which he was now On Saturday, Mr. Benn made pressing. another forceful contribution

Radical shift vital

rank-and-file.

"I am a mainstream member to the increasingly bitter debate by repeating his attack on the powers of the Labour of the Labour Party . . I want to to see another 45 next time. I want workmanlike, democratic reforms to enable us to deal Such powers should be exerwith the period of chaos that will follow this Tory Govern- cised by democratic processes and not by one person, he told

Mr. Benn, who was speaking the Young Socialists conference were a cylin a BBC radio interview, said at Coleford, Gloucestershire. control of there was a general feeling in The party's national execu-

gramme along the lines that

brought it an overwhelming vic-

Home Bill to extend

improvement grants BY MICHAEL CASSELL ENCOURAGEMENT TO im- the five-year clause, which can prove houses is to be included mean that an owner-occupier

in the Government's proposed has to repay any grant if he Housing Bill. sells within five years. Ministers at the Department of the Environment are keen to see improved access to grants for anyone living in bad housing, whether they are in

the private or public sectors, owner-occupiers or landlords. The Government estimates that a sixth of homes in England is unfit or lacks basic amenities or is in bad disrepair. More than a million homes still lack an inside lavatory and 800,000 houses have no bath-

The Bill, to become law by next summer, will aim to and transfer system enabling improve the standard of homes tenants to move about the nationally and start by making country while protecting their improvement grants available to public and private-sector An inquiry has been ordered tenants equally with owner into the sale of council houses

Policy changes to relax the gations that a number of houses present, tightly structured grant had been sold at prices well system will include scrapping below their market value.

Two reviews expect sterling to decline

market commentators in new Profiles-jointly produced by duced, School economists with money from curren brokers Charles Fulton and in the year. the Gower Press) argues that

both occasions there was a damaging." The outlook says sterling's the dollar has entered a period competitiveness is now 24 per cent above its underlying be countered by positive official while relative money

supply growth is 14 per cent above the underlying trend. an exchange rate significantly lower than has been recorded. The latest outlook says the deflationary consequences of the Budget and a tighter monetary

Year's Profit

STERLING WILL weaken over weighted index is still forecast the next 12 months say two by mid-1980. The latest edition of Currency the Henley Centre for Forecast-

handling cases that arise before

Tenants will also be allowed

to decorate outside as well as

inside. Local authorities will

also have a statutory obligation

to consult tenants on decisions

The Department of the Environment is studying the

potential for an effective com-

at Peterborough following alle-

closely affecting their homes.

the Bill becomes law.

tenancy qualifications.

duced by two London Business good case for a fall in sterling ated the extra wealth to pay for normal production crew refrom current high levels later "If oil uncertainties

of the Yen in 1973 and 1978. On 1981 could be both dramatic and

The Exchange Rate Outlook Past projections have been for argues that "on fundamentals n exchange rate significantly the dollar is above its appropriate level which does not yet reflect the excess of world dol-lar holdings. But recession in the U.S. will be greater than policy have led to a forecast of elsewhere, and this will provide an increase. A depreciation of future stability for the over a tenth in the trade- currency."

the increase in sterling is now tinue and keep the pound high on a par with the rapid rise of for long periods then the Deutschemark in 1973 and resultant adjustment in 1980 or

Currency Profiles argues that

action and improvements on in-flation and external trade.

BANCO DE MADRID

ANNUAL MEETING HELD ON THE 23rd JUNE 1979

Highlights as per 31st December 1978

In million ptas. 吸▲ Capital plus Reserves 6.431 6.010 7.00 Deposits 73.159 63.162 15.83 Credits 65.415 58.354 12.09

> **Employees** Branches

> > ASSOCIATED BANK

220,396

Clients

BANCO CATALAN DE DESARROLLO

5.86

MACHINE TOOLS

Designed for small batch shaft work

THE Multi-Purn MC300C turn- ties which enable any proing machine just introduced by gramme subsequently reloaded.

The Drummond Division of into the memory to be modified Staveley Machine Tools is stated either temporarily or perto be intended specifically for manently. exponsic application on small The machine can be equipped batch shaft or chucking work with Drummond's patented batch shaft or chucking work with Drummond's patented up to 300 mm diameter by 1500 Dual Driver system for shaft

The need for tool changes ponent to be machined over its trial 15-metre deep vertical says the company, will occur in entire length at one loading drainage system required the says the company, will occur in entire length at one loading only exceptional circumstances and job change over normally to end reversal and second involves merely running a mag-operation. netic tape cassette to load a

may be carried out by keyboard to the right, clear of the chuck driving conditions.

either at the machine console jaws. This movement can take Cementation was then asked or via a separate remote unit, place twice if required, to true to instal its Sandwick drains, and the prepared programme is up the end prior to it being recorded on magnetic tape gripped by the chuck for the cassette. A plug-in record/ heavy cutting sequence, then

2.5

work, which enables a comwithout the need for any end-

read head is provided.

again for finishing this end of
There are full editing facilithe work.

. COMPONENTS Dunlop brake pad move

pad market. The new sintered particularly with Kawasaki. Now pads, a major step forward in strong pressure is coming from this quarter for Dunlop to take initially be sold within the UK, but Dunlop has its eye on the Dunlop's aim is to eventually market and is also involved in talks with the large Japanese manufacturers.

Since the introduction of disc brakes on motorcycles their performance in the wet has rising rapidly, this in itself been a growing cause for con-represents a healthy market for accident figures it was the goveroment's Transport and Road. Research Laboratory that systems on new machines the prompted Dunlop's research potential for the company to virtually the same characteristics considerable. in the wet as they do in the dry.

in the aviation field, Dunlop is gramme regular contact with entering the motorcycle brake the Japanese was maintained,

world-wide replacement pad produce a total brake management system. To this end the TRRL is putting up £200,000 for work into anti-lock devices.

With 1.4m two-wheelers on the road in the UK, and sales Ever watchful of rising replacement pads. When it figures it was the government expanded world-wide and if the Japanese were to use Dunlop The new pads produce take off in this field could be

ALAN WRAIGHT

Pinpoints the weight

for measuring static and tonnes. dynamic compressive loads from

there are 13 models for nominal to be used as weighing cells, or hads from one to 500 tonnes, in units of force (newtons) each in the 0.1 accuracy class. when they are to be used as The C3 range covers seven force transducers.

models with nominal load. The strain-gauge class 0.05, making them preci- DIN and IEC standards.

FURTHER weighing cells and sion grade transducers. Top of force transducers from Hot- the series in accuracy (class tinger Baldwin Messtechnik, 0.03) is the C3H range which in-Stonefield Way, Ruislin, Middle- cludes nine transducers for sex HA4 OJT (01-841 5121), are nominal loads from one to 100

All transducers in the series less than I tonne to 500 tonnes. are supplied calibrated either in In the C1 range for example units of weight (kg) if they are

ratings from 50 to 500 tonnes elements are inside a sealed and all are in the accuracy housing providing protection to

Signals low pressures

NEWLY AVAILABLE from different ambient temperatures. Foxboro is a low range electronic differential pressure transducer, 834 DP, which can provide signals representing low differential or static pressures, ment in the power, pulp/paper, cement, glass and several other

A resonant wire technique is ased to give good accuracy and Redhill, Surrey, RH1 2HL (0737 long term stability at widely 6500).

The two wire transmitter, with de power supplied over the signal lines can be used in both ordinary and hazardous locations. An optional internal power supply can be provided for replacement of obsolete four wire transmitters which require separate ac power. More from Foxboro-Yoxall

SAFETY Fresh air in the vaults

felevision crime production.

But for some bank staff it is danger to be lived with and has prompted Chubb to develop a life-saving unit which will provide the two main needs of people so trapped—air that is heathable and communication with the outside world.

The equipment is about the ske of a four-drawer filing cibinet and will ensure that if a substantial number of people a'e trapped in a fairy small wult no tragedy will occur due to oxygen starvation and carfon dioxide build-up. The system is fully automatic so that to action has to be taken by the rapped occupants. In addition, the unit provides self-contained illumination.

An air sampler measures the arbon dioxide content every three minutes: if the figure ternal alarms can be provided. ises above 2 per cent, the air watern switches on automatic- life batteries and low voltages dly and the vault sir is imme- are used throughout, avoiding bsorbtion unit which removes he carbon dioxide.

ed into the air to compensate dication to ensure that the or that lost by conversion to equipment is kept in optimum arbon dioxide and to maintain condition. fropped below 0.5 per cent, and (01-637 2377).

FCR MOST people, being locked will re-start whenever it ex-into a sealed, arriess, sound ceeds two per cent. This is well priof bank vault will remain a below the limit at which the tion only to be seen in a physical condition of the occupants will be affected.

The system is vastly superior to breathing tube arrangements, claims Chubb. These provide no illumination and may well not be able to draw in enough air to support a number of people. From the security point of view, such systems also present serious risk in terms of attacks against the vault using

In the Chubb unit, which requires no external services, the oxygen content is kept to with in 18 to 20 per cent and has been designed with a 100 manhour capacity.

Activation is by means of a single permanently illuminated switch. Once activated the unit provides background illumination in its immediate vicinity. A facility for voice communication and the sounding of ex-Power is provided from long

liately circulated through an fire and shock risks. Only periodic service checks are re quired but there is also an auto-At the same time oxygen is matic "need for servicing" in

More from Chubb and Sons Sirculation continues until the Lock and Safe Company, Tottenarbon dioxide content has ham Street, London W1P 0AA

electrical wire and cable?

Thousands of types and sizes in stock for immediate delivery LONDON 01-561 8118 • ABERDEEN (0224) 724333:-

6 LASGOW (941) 332 7201/2 • WARRINGTON (0925) 810121 TRANSFER CALL CHARGES GLADLY ACCEPTED 24HR. EMERGENCY NUMBER 01-637 3567 Ex. 409

DRAINAGE

ground PROBLEMS CONCERNING dif-ficult ground conditions on the site of a trial railway embank ment for British Rail main line diversion at Selby have finally been overcome by Cementation Ground Engineering after the withdrawal of two other

of the

New embankment is to carry diversion caused by the development of the new Selby mining complex and, as it is to be situated on soft ground, significant settlements are expected during and after construction.

Successful installation of the penetration of a dense sand layer at a depth of about seven metres and the original con-A special workdriver set into tractor had severe problems in the chuck can be actuated at the penetrating the ground and fresh programme into the system memory.

The control system is micro
The control system is mic

> using the company's high frequency vibrator and the required trial area was com-pleted within a few days. Main contractor for BR, A.

Monk and Co., will now construct trial embankments on treated and untreated areas THE LEVEL of liquid Halon

Engineering) is currently involved in driving two parellel Road, drifts at Gascoigne Wood.

• INSTRUMENTS Making sure Inspection from the inside

A PANORAMIC tube head for duced by Andrew NTD Producer probe is used like a ducts (UK), 12, Trafalgar Way, stethoscope on the exterior of Bar Hill, Cambridge, CB3 8SQ. the cylinder to determine the (0954 81616.)

These units employ compact, oil-insulated, ceramic tube heads which can be passed through openings as small as 100 mm diameter enabling radiography to be carried out found to an accuracy of 1 per in confined spaces. The new the tracks for the main line panoramic tube head will augtional heads and greatly increase the versatility of the unit ment an existing range of direcby permitting one-shot inspection of tubular components.

Andrex constant potential X-ray units are widely used in the aircraft industry for critical inspection procedures on very thin sections or lowdensity material and in the nuclear industries for the inspection of pipework. A closed circuit, water-cooled anode enables the equipment to be continuously used at maximum rating in such applications as factory-based production control systems used in the motor-tyre

Checks fire appliances

which will be monitored over a fire suppressant in storage con-consolidation period. tainers can be checked Cementation Mining (a sister accurately and quickly using a company of Cementation Ground portable device called Cali 1000 from Chemetron, 14. David Road, Colnbrook, Slough SL3

There is no need to remove seconds. use with its mobile radio the containers from their warbling sound is emitted, with graphic unit has been intro-storage racks. Instead, a trans- a visual indication. position of the liquid surface 870182). to within tinch. Then, simple charts and temperature correction factors are applied enabling the exact weight of the Portable tion factors are applied enab-

Halon lost from the unit to be

widened

AS WELL as giving monitoring protection against hydrogen sulphide and oxygen deficiency, the Otox 80 instrument made by Neotronics now has the extended ability to monitor carbon mon-

It will have particular applica-tion wherever build-up of the gas is a positive risk including boiler houses, chemical plant, car test facilities, metal heat treatment areas and steel works. A detector card (costing about 25 pence) is inserted which will monitor for up to eight hours; it carries a reagent selective to carbon monoxide which is in-spected by an opto-electronic system. A time weighted response is produced, roughly matching the way in which the

body reacts to toxics. The instrument's response time at the threshold value of the short term exposure limit, 400 ppm, this is reduced to three minutes. At high concentrations Dash-2, can also be operated the alarm will be given in 30 from the mains.

More from the company at Parsonage Road, Bishop's Stort-ford. Herts. CM22 6PU (02279

recorder

A ROBUSTLY encased batterypowered high-speed two-channel recorder weighing 22 lb, ideal for field work in science, medicine and industry is offered by Russet Instruments, Sheen Park, Richmond, Surrey TW9 1UN (01-940 9981).

High accuracy feedback galvanometer writing technique is used and 13 sensitivity levels are available from one millivolt to ten volts per millimetre. A heated stylus is employed with low cost thermal recording paper. The trace for either channel can be placed anywhere

Four fixed chart speeds of 1, 5, 25, and 100 mm/sec are provided, and there is also an uncalibrated variable speed con-

ning time before re-charging. and the recorder can be used while charging is in progress. Other facilities include a precision internal calibration 50ppm is 15 minutes, while at source, variable gain control for each galvo and an event marker. The unit, which is known as

• HANDLING Moves the goods at low cost

RIGHT-ANGLE powered-roller corner unit, allowing packages to be transferred under power within the width of both conveyors, has just been added to the equipment range of P and R Mechanical Handling, Penytheol Works, Caerphilly, Mid Glam (0222 885505).

By using the same drive as kept very low, as neither starter motor nor gearbox are

Under these circumstances, a typical price is under £200—a saving of 75 per cent it claims.

The property of t

PACKAGING Printer's extra scope

WIDER WIDTH paper sacks. and board cartons up to 129.5 cm wide and 18 mm thick in unlimited lengths can be handled by the new lik III Lawco overprint machine now available on the home market, announces Lawfons of Liver-pool, 60 Vauxhall Road. Liver-pool L69 (051 227 1212). Gel batteries are provided yielding about four hours' run-

Print area on this model is increased to 63.5 cm in length by 76 cm width. This extra width is obtained by either fitting one cylinder with that size print area or, alternatively, fitting two adjacent cylinders with respective print heads of Bucks, 50.8 cm and 25.4 cm widths. Wycom

Civil Engineering is part of... total capabilit

• MATERIALS Wrapping of

STATING THAT it has been led to make the move because of significant increases in polythene prices, Wycombe Marsh Paper Mills has developed a new glazed imitation parchment paper suitable for wax coating to produce bread wrapping and confectionery packaging.

Available in a range of lightweight substances from 30 gsm upwards, the paper's characteristics include a smooth surface to ensure the even take-up of wax or similar impregnants and avoid the mottled final appearance characteristic of some protained through the addition of high purity loadings which can be varied to suit manufacturers' specifications for a range of differing types of food packag-ing or wrapping. Further details may be

obtained from Wycombe Marsh Paper Mills. High Wycombe, Wycombe 33400).

On April 23, Fortune magazine called us the upstarts. Two weeks later they put us in our place.



This April, after just 10 years in the business, Data General made the Fortune 500.

In fact, we are number 500. And if you look at the figures on sales growth, among companies not making an acquisition, we're number one, with a 49.2% increase over last year. And that's not bad for a company nobody took too seriously back in 1969.

How did we do it? By giving our customers the kind of service they just couldn't find anywhere else.

By having employees who constantly come up with new and better ways of computing. And by putting a higher percentage of sales into R&D in the last ten years than any

of our major competitors. An investment that's paid off in products which we feel offer the best price/performance ratio in the industry. A commitment to good value that's led to a 15% decrease in prices per year. And a customer satisfaction that's second to none.

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£25m Laing awards in Spain and UK

warded three contracts, to- originally envisaged with 600 so ft of working space and will gether worth flom to remodel a beds and a total floor area of include construction of a singlehospital and renovate and 88,000 sq ft compared to a pre- storey receiving dock and disimprove two others for the vious floor area of 41,000 sq ft. tribution area with three tier Spanish Department of Social Security.

The largest contract involves ing and extending the hospital remodelling the hospital at in Alicante, on the east coast storey support building, with a sheeting. Other works include "Eadajoz on Spain's border with of Levante, which was built lower floor partly in excavated a vehicle marshalling area. link Portugal. The structure of this about 30 years ago. The hospi- ground, and providing a com- roads to connect with existing hospital was built by Laing SA tal will continue to function bined floor area of about 145,000 site roads, and some landscap-"in 1976 for the provincial while Laing SA are on site. authority, but before further 'work was carried out it was small amount of demolition, will provide the concrete slab seconded to the Department of construction of partitions and floor only, to house an auto-Social Security and the design was considerably modified.

The resulting £11.8m contract awarded to Laing SA will mean a materials distribution centre

"TWO COMPANIES in the John some demolition and more for IBM at its plant in conveyors will be taken through Laing group have won contracts structural work and when com- Greenock, Invercivde, under a a link building 130 feet long.

The second contract, valued conveyors. at £4.3m, will involve renovat-

an extension at the Nino Jesus Hospital in Madrid.

pleted in 1981 the new hospital contract worth about £9m. This which will provide access for In Spain, Laing SA has been will be much larger than will provide a further 266,000

> will connect with a new two- cladding of profiled metal storey support building, with a sheeting. Other works include sq ft. Projecting from this will ing. The third contract is for a be a building for which Laing mated storage and retrieval system with materials stored in In the UK, Laing is to build pallets on racking 67 ft high.

pedestrians and fork-lift trucks between the new distribution centre and existing buildings on

Construction of the new buildings will be steel frame on In one direction conveyors concrete slab foundations, with

phased handovers, with overall completion due by June 1981. Designers of the scheme are Robert Matthew, Johnson-Marshall and Partners, and quantity In the other direction, the surveyors are Harris and Porter.



Long Crendon Bucks: " Tet 208481. An across-the-river view of Baynard House, London's big new telecommunications centre on the north side of the Thames near Blackfriars Bridge. John Laing Construction was the main contractor. Some 150 miles of cabling for elec-

trical services was

supplied by Haden Young

at a cost of about

CRENDON CONCRETE FRAMEWORK

The right way tobuid

FACTORIES OFFICES & WAREHOUSES

CREMON CONCRETE CO. LID

Shepherd gets work worth £8m

IN CONTRACTS totalling about ments, access road and pavings. Other contracts include altera-ESm. Shepherd Construction's and other external works. major jobs will be undertaken in Yorkshire and the North

dential development at Gurney Street for the Orbit General Housing Association. This S2- Commercial Development cover- housing at Stockton-on-Tees week contract involves the coning the second phase of the (£520,000); offices and lettable struction of 142 flats arranged in three separate blocks of Scheme includes extensions to extensions and modernisations varying heights from two to six the existing shopping centre at the Harrogate store of storeys. Associated works in- and the provision of loading F.

Milton Keynes Development ment.

Corporation, eight advance fac-

attached sub-station, instrument

Hospice at Moortown for the

Sisters of the Cross and Passion. Biggest project is at Middles- The film building is to be brough where the company has situated in a garden to the west just started work on a £2m resi- of the existing hospice buildings. At Northampton is a £1m for the British Gas Corporation contract for Grosvenor Estate at Cramlington (£450.000);

Northampton Grosvenor Centre.

Another major contract worth

in connection with a road diver-

tions and adaptations to the In Leeds, work has begun on former Teddington Controls a development for St. Gemma's Factory at Cefn Coed Y Cymmer. Merthyr Tydfil (£980,000); an elderly persons' home and assessment centre at Brentry, Bristol (£600,000); a

management and amenity block units at Walsall (£400,000) and W. Woolworth and Co.

deep and 13.85 metres wide. have been awarded to A. Monk vision of the Mining Research Consulting engineers are White

Another Milton Keynes Development Corporation award worth £172,409 is for fitting out Landmark-to be built on a depot at a Stacey Bushes ad- English soil was completed in vance factory. At Parkeston 34 Quay, Monk is to build a new At Stocksbridge, a £442,561 substation, make alterations to buildings, amenities block, contract is for the construction a second and construct found-vince of Ontario. hoiler house and gatehouse, of a 17.3 metres-long tunnel sec- ations for a third - all for the Other work includes drainage, tion for the British Steel Cor- British Railways Board at a cost fieldscaping and roads. This poration. It will be 5 metres of £70,874.

Young and Partners and quan-

surveyors Turner

Canadian

THOSE OF US who are still recling from the shock of having to meet last winter's fuel bills can take beart with a view of the Canadians' concept of how to live comfortably and econo-

mically in a cold climate. They promise a reduction of costs by as much as two-thirds with a timber frame house that boasts the ultimate in insulation techniques.

The components are shipped from Canada by container, delivered directly to site in the UK, and include highest quality kiln dried redwood, steel webbed roof trusses, and triple glazed windows and skylights. Offered to builders as a com-

plete package, the homes have en developed by Viceroy Construction Company of Scar-borough, Ontario. and have been adopted here by Cadillac Homes which has appointed Scotchbrooks Marketing Services to market the Heat Hugger line throughout the UK.

The first home-called the days and opened last week by W. Ross De Geer, agent 0.16 for roofs are standard. general in the UK for the Pro-

Ibstock bricks, but predominant feature is the Canadian red-wood, Apart from the timber material for floors, doors, built-

in wardrobes, etc.
The special modular system allows design flexibility from a single detached unit to a threestorey townhouse . . . and windows need not just be in the walls—stylish feature of the show house at Cadillac Homes, Upper Warren Avenue, Cavesham Heights, Berks, is a panel of skylights in the living room
the latter, like some of the bedrooms, has "cathedral" ceilings.

A solar garden concept can create an indoor garden or greenhouse kitchen, too, far away and above the hackneyed little-box housing estate tradi-tion beloved by so many unimaginative British builders. But the true beauty must lie

in the money saving features: walls have six inches of fibreglass insulation; ceilings have eight inches, and there are four inches under the floor; sliding doors, windows, skylights, apart from obligatory triple glazing. have compression-type seals to eliminate draughts, exterior doors are also insulated - U values of 0.21 for walls and

And, because the Heat Hugger concept will not pinch the sive Design Group.

This Heat Hugger is, here British pocket too bard, it has and there, anglicised with already received the Medallion Award (Electricity Board's seal of approval and blandishment to prospective buyers in the wood is the major hope that they will select homes that have been purpose built to save energy) which plaque

DEBORAH PICKERING

City office

UNDER THE terms of a £1.5m. contract just awarded to Sir Robert McAlpine and Sons, the company will build an office: M.P. Kent (Constructional).

site bounded by Creechurch covers a £470,000 contract. Lanc, Bevis Marks, Heneage Lane and Heneage Place. The six-storey air-conditioned

office block will comprise a reinforced concrete frame with granite clad external walls and bronze anodised double glazed

metres take place.

£5m has been awarded to A major contract, worth £4m.

Whatlings wins £5m

WORK VALUED at more than Whatlings (Building).

has now been fixed to the 34-day is for a superstore and 14 shop wonder. site of a disused railway cutting in Maryhill, Glasgow, for the Co-operative Wholesale Society. This includes grouting of mine workings and pilings. a concrete deck to form car parking and base for super-structure, comprising steel Centre frame, facing brick cladding and metal roof deck.

Construction of single storey block in the City of London for health centre with external ser-Work is due to start next side Road. Ballieston for the month on a restricted island Greater Glasgow Health Board

For Annandale and Eskdale District Council, the company will construct five blocks of 32 single and two storey houses with ancillary works, worth

Another contract valued at £209,000 is for the erection of two new shop units contained within one four storey building in Queen Street, Glasgow, for J. Dykes, and construction of a drum store in Airdrle for the Boots Company is valued at

of mine workings and pilings. New medical ACUTIVE

A CONTRACT for the design development and construction of a new medical centre at the Springfields Works, Preston, of vices and car parking at Muir- British Nuclear Fuels has been awarded to Simonbuild of Stockport (Simon Engineering

Group).

Valued at £445,000 this is the sixth contract secured by Simonbuild at Springfields over the past three years. Completion is scheduled for the end of

Extensive temporary works are called for to support the PSA work for Turriff highway on all sides while excavations to a depth of 4.5. A CONTRACT worth £1.5m has Other work for metres take place.

Architect is the Comprehen been awarded to Turriff Cor the construction of grange faciporation by the Property Services Agency for an extension at Wittering, worth £1m.

Another award, for £1m, is to the officers' mess at the to build an office block and School of Electrical Engineering adjacent factory unit at Cuband Army Apprentices College, bington, Warwicks, for Thwaites 1 Arborfield Garrison, Berks.

Other work for the PSA is lities at an RAF establishment

Engineering Factory, of open Buildings include stewards' area design, is a steel-frame quarters, maintenance store, building clad in colour profile sports pavilion and garaging for sheeting and the office block 49 cars.

Costain starts on £3m block

£11m contracts for Monk

OVER £11m, worth of contracts contract is under the super-

At Bradwell Abbey, for the and Development Establish-

tories are to be built at a cost nearly £2m is for earthworks

of over £4m while at Swadlin- in connection with a road diver-cote, Derbyshire, Monk is to sion linking Billingham Bottoms

undertake a £4.4m project for and Wolverston. This will be the National Coal Board. The latter calls for a test hall and carriageway A19 frunk road.

The nine-storey block on driven precast concrete shell piles will be of reinforced concrete frame construction with facing brickwork.

The contract includes the

CONSTRUCTION SUB-CONTRACT WANTED

CONSTRUCTION of a nine-installation of one goods and ing, landscaping and drainage storey office block at Broad three passenger lifts, full air- services. Quay, Bristol, for The Standard conditioning, smoke detection Work has begun and is due Life Assurance Company is to and fire alarm systems and a for completion in December about £110,000, has been

he undertaken by Costain, standby electrical generator. 1981: Architects are Alec awarded to Venn Bros. (Corn-Value of the contract is £3m. External works include pay- French Partnership.

Awards to Fairweather

FOUR CONTRACTS awarded to Health H. Fairweather and Co. total £460,000. over £1.3m, the largest being At Wa for the London Borough of company Greenwich for the construction of ten houses and a home for the mentally ill at Lausdowne

Lane, Charlton, worth £640.000. New link block and refurbishment of existing wards at the Council for the construction of Central Middlesex Hospital for a nursery extension to a primary the Brent and Harrow area school.

At Wallington, Surrey. company is building a three-storey office block for the Private Savings Property Company (value £200,000) and work has started on an £18,000 contract for Isle of Wight County

IN BRIEF

● English Industrial Estates has and Colls Homes latest develop- Place, London, SW1, or any of announced start of work on an ment at Broadwater Park, Wey- its nine regional offices.

wall), of Penzance. at the Neston, Wirral, site of the GEC-Frirchild microelectronics production factory to be built on the Clay Industrial Estate under a contract, already announced worth about £6m.

Bovis Construction is to carry out a £510,000 refurbishment on three floors of the 10-storey Canberra House in Maltravers Street, London. WCI, under an appointment from international chartered accountants Arthur Anderson and Co.

• First houses from Trollope

advanced factory of the terrace bridge, Surrey, are now availunit type, divisible into two able for sale, and show houses units of 2.500 sq ft each, for the were opened at the beginning of Development Commission at St. this month. were opened at the beginning of Ives, Cornwall. Contract, worth . Another first-directory of

international consulting engineers is being published this month for distribution to over people involved in selecting consulting engineers in the developing world. It is distributed free of charge from FIDIC Secretariat, Carel van Bylandtlaan 9, 2596 HP, The Hague, Nether-

lands. 6 British Quarrying and Slag Federation has produced a 15minute slide programme with a contract valued at £1m. The recorded commentary explaining the role that the products ment, Tamworth, entails instal-of its members play in modern ling an infill concrete floor, society. Copies of the pro-society. Copies of the pro-gramme are available on loan electrical and mechanical from the BQSF at 14 Waterloo

• Heating and Ventilating Contractors' Association has oub-lished the 31st edition of its Year Book (£11.00 incl. postage) and is available from 10

£340,000 St. John's RC First and Middle School in Portsmouth is Jno Croad, member of the UK building division of Trafalgar House Group.

 Currently building a Sainsbury supermarket in Stafford is Linford Building Group under work, in the Ankerside Develop-

PLANT & MACHINERY

Description

CN :- ROKU &

1) ROLLING MILLS

20in x 30in x 350 h.p. Two High Reversing Mill. 5in x 12in x 10in wide variable speed Four High Mill. 3.5in x 8in x 9in wide variable speed Four High Mill, 10in x 16in wide fixed speed Two High Mill. 10in x 12in wide fixed speed Two High Mill. 6in x 16in x 20in wide Four High Mill.

2) CUT/LENGTH LINE 1,000 mm x 2 mm.

3) CUT/LENGTH LINE 750 mm x 3 mm.

4) CUT/LENGTH LINE 400 mm x 3 mm. 5) WIRE FLATTENING & NARROW STRIP ROLLING MILL, stand by rwf.

6) SLITTING LINE 920 mm x 10 ton coil by Cam. 7) SLITTING LINE 300 mm x 1 ton coil by Cam.

8) SLITTING MACHINES 36" and 48" by Weybridge.

9) 350 h.p. REVERSING MILL, 20in x 30in rolls. Farmer Norton. 10) PLATE SHEAR 4ft x lin Cincinnati.

11) GUILLOTINE 8ft x 0.125in Pearson.

12) No. 1 FICEP SCRAP SHEAR, 75 x 35 mm bar. 13) SHEET LEVELLING ROLLS, 920, 1,150 and 1,850 mm wide.

14) HYDRAULIC SCRAP BALING PRESS. Fielding & Platt.

15) FORGING HAMMER 3 cwt, slide-type. Massey.

16) VACUUM FURNACE 100 kw. Herdiekerhoff.

17) AUTOMATED COLD SAW, non ferrous. Noble & Lund.

18) WIRE DRAWING MACHINE 8 BLOCK (16in). Arboga. 19) WIREDRAWING MACHINE 6 BLOCK (22in): Marshall Richard 20) ROD DRAWING MACHINE 9 DIE. Barcro. And spooler ma

21) HORIZONTAL DRAW BLOCK 36in. Farmer Norton.

22) BAR & TUBE REELING MACHINE (2in). Plate. 23) WIRE DRAWING MACHINE 9 DIE cone type. Unity.

WIRE DRAWING MACHINE 15 DIE cone type. Marshall 25) COMPLETE BICYCLE RIM MANUFACTURING PLANT FOR

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comprises some of the best people in the business. Their talent for organisation- of getting men, machines and materials on site exactly when they're needed - is partly why our client list

includes names like Whitbread and Lex Service Grosp Not only that; once the job is under way we're prepared to work like beavers. And to prove it we have doubled our annual turnover

since 1977. We'd relish the chance to show you what we're made of.

And if you don't need us right away, a look at our

new company brochure would be a step in the right direction.

in the grant companies of the first of the control

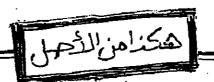

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THE MANAGEMENT PAGE

to the people at the end of each year, but the people have no resentation by Members of Partiament, that is no one to act on their behalf as watchdogs

For from being another of those fashionable attacks on MPs for their alleged ineffective ness as representatives of their electors interests, this is an analogy of the more obvious deficiency of representation of shareholders' interests on the boards of public companies.

4

i lurriff

It is one of several vivid examples given by a paper in a recommendations. new series of booklets on "Corporate Governance and Accountshility, being published during the summer by the Institute of Chartered Secretaries and Administrators.

The Institute sees the puring debate about the more finadamental issues of "corporate governance," following the widespread discussion in recent years about individual elements of the subject, includ-ing industrial democracy, audit committees, disclosure of information and accounting

The author of the Westinster analogy, and of one of the first papers, is Dr. Kenneth Midgley He may be series: men such as the chair-claiming that shareholders' man of Courtaulds, Sir Arthur meetings are "an important Knight, and the chairman of discipline" upon directors even the U.S. Securities and Ex- when they appear to be merely change Commission, Mr. Harold formal. He does suggest that Williams. But, as lecturer in the relationship between com-

For most companies, in most situations, the ritual of the annual general meeting and the veting machinery provides little more than a pointless charade." he says, referring especially to large, quoted compose of the series as stimulat-pose of the series as stimulat-ing debate about the more holder participation at annual general meetings points to what might be described as the general procedural facade of company control, rather than to lack of responsibility on the part of shareholders (who) are realistic rather than irresponsible about formal company

control procedures." Discipline

In an accompanying paper in

fact, one of Sir Arthur's points likely insider dealing.

ful about the viability of AGM's. -in no uncertain termsnon-executive directors and auditors. In both cases his doubts rest on several grounds, Board rather than genuine appointees of shareholders;" and, "today, when many far less well-known than many the same booklet. Sir Arthur auditors are involved with their of the other contributors to the Knight disputes this argument, clients as tax advisers and management consultants, it is regarded as completely independent of company manage-

ment In order to narrow the widenand Accounting at panies and their shareholders ing gap between the ownership changing conditions require a Polytechnic, his should be developed further — and control of public companies closer involvement in the comand control of public companies closer involvement in the com- emphasises that responsibility

researches have led him towards especially in view of the growth and enforce a continuous and some trenchant conclusions and in importance of institutional effective form of accountability, investors-but not in the way Dr. Midgley advocates the advocated by Dr. Midgley. In creation of direct private shareholder representatives on manis that the role of AGM's is agement or supervisory boards likely to become more (preferably the latter). They important, particularly in the should be proposed, not by the light of proposed legislation on chairman of the company, but the shareholders themselves, he

Christopher Lorenz looks at a series of papers on management accountability

How shareholders might develop the

power of unused muscle

Not only is Dr. Midgley doubt- says. Countering the obvious objec-tion that institutional investors, and annual reports, as forms tion that institutional investors, of accountability, but he also who now own over half of questions the effectiveness of shares, can exert considerable pressure on boards, Dr. Midgley stresses that investment managers are not direct investors, but including: that non-executive intermediaries. So they "may directors "are in the board-not have the same intensity of room at the invitation of the interest in the profitability of intermediaries. So they "may their investments as the fairly large private shareholder.

Nor, he maintains, do they exercise continual supervision, "but rather begin to take a serious interest in control after doubtful whether they can be signs of indisposition have begun to appear."

Sir Arthur Knight is decidedly less critical of the institutions, reporting their recognition that

panies in which they invest, and accountability are not ability to employees, as with He also appears to be less identical. "A company may have shareholders, may be really sig-sceptical about the effectiveness responsibilities towards various nificant only if a more continuof non-executive directors, and points in particular to the recent growth of interest in audit committees, composed mitting a report to them, entirely or mainly of such board illustrates the point thus;

Preponderance

claims, "since their boards of directors so often contain a preponderance of non-executive benefits of understanding and confidence which come from a well-balanced group of both executives and non-executives."

What about the board's responsibility and accountability interests other than the shareholders? Here again, Dr. Midgley is outspoken, Arthur more restrained, though they both agree that boards' responsibilities towards employees should not be identical those towards share-

From the outset, Dr. Midgley

parties, but this does not neces- ous and accessible contact with sarily mean it should be account- management is maintained than able to them in the sense of sub- at present operates in most committing a report to them." He

'A man has various responsibilities: not to commit bigamy, not to get drunk and disorderly. nor make a public nuisance of himself; but these are duties of perience is hardly relevant," he claims, "since their boards of normally have to submit a report on his good behaviour. Nor, at present, does a company have to submit a report on its nonpollution of the atmosphere or its pursuance of an impartial employment policy, although it may, of course, make voluntary ure on such matters."

> towards requiring directors to have regard to the interests of their company's employees, concedes Dr. Midgley. And he supports various forms of disclo-sure to employees, including possibly the intended policy on mergers (though only in broad

But he argues that "account-

exists. But while a board should accept clear social responsi-bilities, it should not pursue and create them as an end in themselves." Dr. Midgley is far less open

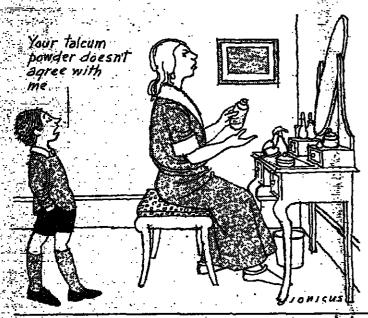
to the notion that boards should be accountable for social and/or moral responsibilities and, for example, submit to a social audit. "Companies should certainly act with responsi-bility, but while accountability for breaches of law cannot normally be avoided, there should, as things stand at present, be no need for positive accountability in the sense of a general statement of social good deeds or restraint from social wickedness. It is doubtful whether a report along these panies; for example; through works councils. such particilines would be more than a pation by employees could offer vague and pious statement of vague and pious statement of prospects of better industrial

self-approval. As far as the idea of an inrelations and some gain to prodependent social audit is conductivity, while occasioning no cerned, Dr. Midgley considers this would be more critical and objective, but that as a regular exercise it would be a costly In his paper, Sir Arthur argues that legislation should and unjustified distraction "for the great majority of com-

not define the need to recognise employees' interests "in such * Dr. Midgley's and Sir Arthur Knight's papers for the ployees to challenge by the law first booklet in the Corporate Gorernance and Accountability series. The third paper, by As for the concept of social Harold Williams of the SEC on responsibility to people or authorities outside the company. The tole of the corporate secretary in promoting corpor-ate accountability" is about to be published. Each booklet Dr. Midgley says that, even where government parameters are not provided, there will be circumstances where the com-Chartered Secretaries and pany, "as an organ of society, should behave fairly and with Administrators. 16. Park Crescent. London W1N 4AH. Tel. a sense of responsibility even though no strict legal obligation

EXECUTIVE HEALTH

Fighting the battle against allergies on three fronts



MANAGEMENT OF the com- Defensive treatment of moner varieties of allergy falls common allergic reactions is into three major categories: avoidance; active defence; and histaminics. In severe reactions, artificial prevention. corticosteroids are very effec-

The first is deceptively easy. If one knows that certain foods cause one to suffer allergic reactions, then one should avoid them for ever because each indulgence leads to increasing trouble.

dual cannot impart useful infor- of success. mation when unconscious.

usually by the use of antitive and do not produce the drowsiness which commonly occurs with many of the former drugs. The choice has to lie with the attending physician. Active prevention is achieved

can be done, the difficult search The same applies to medica- for the allergens has to he ments. A sensible doctor asks made. Diagnostic kits are availa patient if he is allergic to, able to doctors, but most prefer say, penicillin, and if so, he to send patients to recognised precribes a totally unrelated clinics which attain great substance. It is wise for the accuracy. Such establishments patient to write such informa- can also produce specific solution in a document carried on tions for a series of injections the person; or engrave it on tailored for each individual. one of those silver bracelets. Carried out over many weeks, Even the most articulate indivi- they obtain a fairly high degree

When I was doing paediatries

of I remember an episode which and not to be so hasty. No valid talcum twice daily was when 1-150th of a strawberry on the is taught me a lesson or two. I answer could be expected for you were using it. The times of first day; 1-75th on the second was told to carry out tests on a another 15 minutes. small boy who suffered from allergic asthma twice daily. Having carried out some 15 patchtests, I inspected them after about 10 minutes and, very foolishly. mentioned to the mother, a large and overflowing sort of woman, and her nervous husband that, at the moment, a slight reaction to "cat fur" was

The woman's reaction was positive. "Right!" she said, "we'll kill the cat! That's your job, Hubert," she stated to her husband. "So just run along and do the job now!

This summary execution order met with mild protests from Hubert, and terrible bellows of anguish from the small boy. Disturbed by what I had started, I begged the woman to be patient The

reprieved, and three of us were very happy eventually to find that the only strong reaction was used in talcum powders. I pondered about this. So the boy talcum-powders encountered wice daily! I tried a long shot. "Does young Sammy come and talk to you when you are dressing?" I asked the woman.

She grew larger and redder. "Just what are you suggesting, young man?" she demanded. "Is there something wrong about a four-year-old talking to his mummy when she dresses? Are you trying to be offensive?"

"Certainly not!" I replied, "It merely occurred to me that the Cullinan devised a scheme for only way the lad could inhale the man. This involved eating £4.95.

your powder."

loss to shareholders."

Legislation

a way that it is open to em-

the possibility that this require-ment has not been carried out."

The woman erabbed her son and sailed off like a Spanish galleon, not beaten but just filled with impotent fury. To give her due credit, however, she stopped powdering the boy (who preferred the cat anyway) and his asthma occurred no

A curious form of desensitisation was employed by a consultant for whom I once worked. He had a wealthy broker as a patient who could not eat strawberries without suffering from a rash. And that man just adored strawberries. Now the late lamented Dr. Edward

his asthma fit well. So please day and so on until, after some don't kill the cat: just change months, he was consuming nearly a pound a day.

BY DR. DAYID CARRICK

Then he stopped, and Dr. C. took him to task: naughty," l the good we The man was unundone all achieved." repentant: "Never mind," said. "I am quite cured. Not only has it cost me a fortune, but I never want to see a strawberry again!"

Almost aversion therapy that, but as effective as the most exotic of scientific measures. A selection of Dr. Carrick's

past articles on various health topics has recently been published by Bay Books, under the title of Executive Health. Price

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TRAVEL

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Details from The Secretary, Studies, Management Middx., UBS 3PH.

Managing the Development of Microprocessor Based Systems, London, September 25-26. Fee: £160. Details from Course Registrar, Bleasdale Computer Systems, 7. Church Path, Merton Park, London, SW19. Effective Negotiating, London. Duke Street Courses, 57, Duke Street, London W1M 5DH.

Manager Development Seminar,

Noise in Industry. Uxbridge, Director, University of Cam-Middx. September 25, Fee: £65. bridge, Board of Extra-Mural e Secretary, Studies. Madingley Hall, Programme, Madingley, Cambridge, Cambs., BY SAU.

China-opportunities for new husiness in the 1980's, London September 24-25. Fee: £250 (plus VAT). Details from Conference Manager. Institute for International Research, 70 Warren Street, London W1P

The Trade Union View of Industrial Relations, Henley. September 30-October 5. Fee: £325 (approximately). Details The Registrar, The Administrative Staff College, Cambridge. September 24-28. Greenlands, Henley-on-Thames, Fee: £285. Details from The Oxon RG9 3AU.

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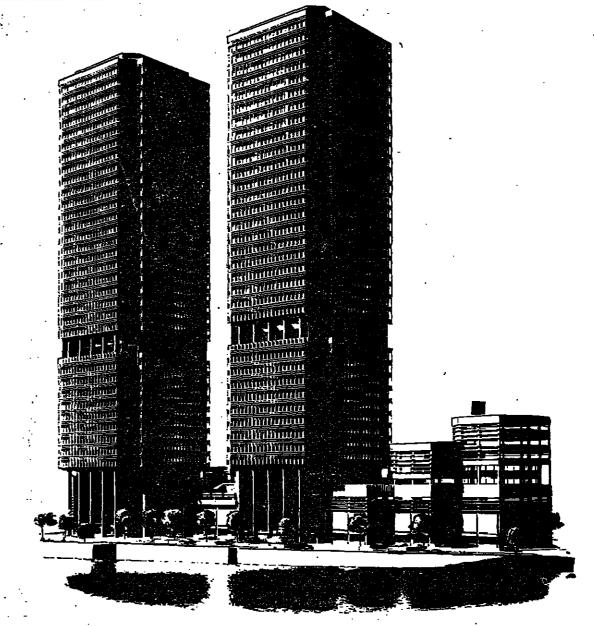
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Interest rates and sterling

BY SAMUEL BRITTAN

the unions. These are the while. rumblings which are now going on about the "high" level of interest rates and the strength of sterling.

is in fact the main force putting as I explained in Economic Viewpoint on June 28 (" Cheers policy. for a Rising Pound"). Nevertheless, it is not possible both to have a rising sterling rate and interest rates higher than in the other main financial centres for an indefinite period. Normally a relatively high rate of interest compensates for a falling not a rising exchange

Adjustment

It would be better if the adjustment came from interest rates and not from a reversal of sterling's movement. Geoffrey Wood and Ian Richards, in a attribute the strength of stereffects of tight money targets against the background of temporarily high domestic inflation. They expect sterling to level off early next year "unexpect a fall in sterling; nor would one be desirable. Well before sterling levels

differentials should narrow. This is already happening, mainly through other countries raising their interest rates as part of their anti-inflationary policies. But eventually UK rates will themselves come down us the money supply comes under control. Sometime in 1980 both international and UK interest rates should be falling as a built-in natural corrective to the world recession that most people see coming next year. The purely domestic opponents of sound money can probably be kept at bay. The bigger threat comes from the oppon-

ents of the rise in sterling. Although the dollar could remain on a falling trend for decades, it will certainly not be recent weeks. Some combintary restraints and an interrecovery of the dollar of the difficult to accept.

black and white

BBC 1

6.40-7.55 am Open University

(Ultra-high frequency only).

TWO INDUSTRIAL lobbies are kind seen after November's building up which are a much package. No-one can guess how greater immediate threat to the soon this package will come or sensible elements in the British how effective it will be nor the Government's economic policy peak that the sterling dollar than anything emanating from rate is likely to reach mean-

Difficult

The best answer about what The strengthening of sterling to do while we are waiting is "nothing," often the most diffisome sort of brake on inflation, cult policy of all; and it is worth putting up a fight for such a

What however would be the

least evil form of interference if political pressures were to force the authorities to act? course the Bank of England has in its drawer contingency plans in the form of penalties on monetary inflows from overseas as Germany and Switzerland have often used in the past. But it would be folly to contemplate such measures, even as a lesser evil, until the last remnants of outward exchange controls have been removed, above all the restrictions on dollar portfolio investments and third country Buckmaster and Moore circular. credits. Otherwise, we will have the absurdity of simultaneous ling, not only to oil, but to the inward and outward controls. But the worst measure of all

would be a premature relaxation of domestic interest rates or direct intervention in the foreign exchange markets to less UK monetary policy is hold down sterling. The tightened further." They do not objection, that either will drive up the domestic money supply. causes fury to post-war traditionalists. Their most rational off international interest rate argument is that countries such as Germany have allowed temporary lapses in monetary control, in the face of upward pressures on their currencies. without an inflationary take-off.

Ii, the UK's inflationary history were like that of Germany, Austria or Switzer-land, then the argument would make sense. But it makes none at all after a decade or more in which the British inflation rate has been one of the world's highest and in which the lapses from monetary control have been far more in evidence than the control itself.

Abandoning monetary targets now, would destroy more jobs than it would create on any horizon further than that of a allowed to fall on the scale of mole's. This is a lesson of recent history which our economic ation of direct controls, mone-intellectuals are reluctant to tary restraints and an inter-learn and which some practical national support package should industrialists, for more underlead to at least a temporary standable reasons, find terribly

own case in the courts, and needs a lawyer, to present evidence in an easily assimilable form to apply the relevant law. 'A lawyer is to do for his client at the heart of the House of all that his client might fairly do for himself if he could."

Thus any legal system - and particularly the adversary British Rail driver. In 1976 he system of English law — calls was involved in a railway for legal representation if it is accident. He received injuries to operate with anything like from which he later died. When

The adversary system demands above all that communications between lawyer and system client should be strictly confidential, since the lawyer is for all intents and purposes the mouthpiece of his client; so too the material in the lawyer's brief or file must be protected. Such is the basis of the privilege — it is the client's and not the lawyer's privilege against disclosure of material collected for use in pending or anticipated litigation.

Privilege against disclosure

The privilege against dis-closure of information supplied by a client to his lawyer comes into conflict with another major principle of the administration of justice, namely, that all relevant evidence should be adduced before the court.

that may often include material in the possession of his adversary. The resolution of

purpose was enough to shroud at the heart of the House of the report in legal privilege, court is not the only interest to the cause of the accident.

Lords' recent decision in Waugh

or whether, in order to support that calls for candour. In accia claim for privilege, the second dent cases the safety of the

THE WEEK IN THE COURTS

BY JUSTINIAN

ways there is a standard pracpurpose had to be the sole public may well depend on the the day of the accident a brief report is made to the railway purpose, or the main one. nesses; this too is sent to the railway inspectorate which later reports to the Department of the Environment. It also goes to the Board's lawyers. When Mrs. Waugh brought an action under the Fatal Accident Acts refuse to disclose the nature of his case, at least until trial. she faced a claim to privilege One side may not ask to see the statements of the other against disclosure of the joint side's witnesses, or even to know who is being called to give evidence. He must wait until the card is played and cannot try to see what cards his opponent is holding. The more potent reason for the privilege

then the lawyer should not be reports has never been regarded. able to do so. But the adversary as inhibited by the fact that they system of justice operates on may have to be produced if the may have to be produced if the the principle that a person is interests of due administration entitled, within limits, to of justice should require their interests of due administration production.

While privilege may be required in order to induse frankness in statements made. for litigation, it is not required." for the parallel purpose of

a two-rold purpose. It was produced for railway operation and duced for railway operation and safety purposes and also for the purpose of obtaining legal advice in anticipation of any operation of any operation is to encourage any lege, the mouse of Lords was lege could not be sustained and new approach to litigation. The duce of Lords was lege could not be sustained and new approach to litigation. The safety purpose of adversary system, so finds then fully and candidly, which he may not do unless he knows justice strongly pointed in and her solicitors.

The whittling down of the be seeing its fast days.

Season opens Mon. Aug 6 at 7.50. The Phinegold. Tues. Aug 7 at 5.30. The Vallyrie. Tues. Aug 7 at 5.30. The Vallyrie. Tues. Aug 2 at 5.30 Singhtled: Sar Aug 11 at 3.50. Twillight at the Gods. Now booking for September. Telephone bookings from tomorrow.

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LIONEL BART'S

Need for new approach to litigation were considered equally important. The question for the courts was whether the second purpose was enough to shroud

excessive

Would seem

The public interest in discandour and completeness of trial. But to carry the protec-It might be asserted that reports which draw attention to tion against disclosure into documents should not be kept defects; this does not in law eases where the litigious back from opponents and, if justify a claim to privilege purpose was only secondary disclosure cannot be withheld disclosure cannot be withheld, since the completeness of with another purpose would then the lawyer should not be reports has never been regarded, seein to be excessive and unnecessary in the interests of encouraging truthful revelation. Hence, the Law Lords held, the purpose of preparing for litiga-tion should be either the sole purpose or the dominant purpose of the report in order to sustain a claim of legal

privilege. The evidence from British Rail was that the procuring of enabling a railway system to legal advice or the preparation in the judges dislike for up operate safely.

Faced with the established purpose of the accident report against disciosure is a rule of legal professional privi Hence the claim to legal privi reflection of the need for a lege, the House of Lords was lege could not be sustained and new approach to litigation The continuity to the applicant Particles Rail was ordered to discourse.

IT WAS Dr. Johnson who first Every litigant seeks disclaims made against British be kept confidential. For the joint internal report on the scope of legal professional recognised that the ordinary closure of any material that Rail. The first was the more client instructing his legal accident It was a contemporary privilege. reveals an unease man is rarely fit to plead his will assist or win his case, and immediate purpose, but both representative it is vital, to use report; it contained the testing of this main are relative and that the courts and that many relative purpose, but both representative it is vital, to use report; it contained the testing purpose of this main are relative to the courts and that the courts and that the courts and that the courts are report. of legal professional is obtained under the seal of confidence is sometimes sought and even granted.

_{iti} Fest

Adversary system

closure could only be over-ridden in order that the Is it right that society should possessor of the report might remain content merely to freely prepare his case for supply the forum and the legal code, and to leave the parties to select the evidence they adduce to win their cause. detaching the judge from the hurly-burly of the contest to enable him to view the rival contentions dispassionately? Or. should society abandon the ageold approach of denying a litigant the right to call on his adversary to make or aid his

> The desire to arrive at a just result by insisting on the maximum disclosure to the court of . all relevant material, reflected in the judges' dislike for up-

Rain should mean bigger fields

v. British Railways Board.

Mrs. Waugh's husband was a

an accident happens on the rail-

tice about investigating it. On

inspectorate. Soon afterwards a

joint internal report is prepared

incorporating statements of wit-

Two-fold

purpose

The joint internal report had

internal report.

STEADY OVERNIGHT rain Ascot (where, in any event, he that began early yesterday took little out of himself). It morning and continued well into is hard to see anything but the day has taken a good deal of the sting out of Goodwood's downland course and everything looks set for a week's really competitive racing.

Captain Ryan Price, for one, will be more than happy to see aghast as the pair passed the the rain at last intervening, for, post locked together in a had the ground remained firm. he would not have considered risking several from his highclass team of juveniles. Now he may be prepared to let Varingo. Lavinsky and Romeo Romani, among others, take their chances. At this stage it seems prob-

able that Varingo rather than the less experienced Romeo Romani will represent the stable in the meeting's twoyear-old feature event. £20,000 added Richmond Stakes. Varingo, generally accepted as having won Salisbury's Chamthe fastest colt seen out this pagne Stakes and a maiden's season, with the possible exception of Try To Smile, has had a good break since retaining his to shrug off his welter burden. unbeaten record at Royal

BBC 2

6.40-7.55 am Open University.

7.45 Mid-evening News includ-ing sub-titles.

9.00 Ronnie Prophet Sings

is hard to see anything but Lord Seymour fully-testing him. Lord Seymour has been working with zest since his defeat guineas. the hands of stable companion Final Straw left trainer Michael Stoute somewhat aghast as the pair passed the

RACING

BY DOMINIC WIGAN

memorable finish to the July Lavinsky. Price's intended runner for Wednesday's Foxhall Stakes, looks to have a stiff task under 9 st 3 lbs. However, he is a big, powerfully made sort, who has yet to be fully tested. event at Newbury with ease. I can see him making a bold bid Incidentally, Levinsky is

fact that no trainer in Britain meets with more success from cheaply bought yearlings than He cost only 5,400 Price. Although

another colt to emphasise the

Stakes is the most richly endowed two-year-old event, it might be that the Lanson Champagne Stakes will provide the week's highest quality field of juveniles. Those confirmed to run include London Bells, who recently lowered The Minstrel's two-year-old course record at the Curragh; Johnnie O'Day, considered by some to be the fastest colt in Ireland; Final Straw, and Henry Cecil's Parthian Gold.

> NEWCASTLE 3.30—Jeroboam^{o 1} 4.00—Kinetic

NOTTINGHAM 6.30-Detonate*** 7.00—Walking Express 7.25—Skin Diver* 7.55—Verbalism 8.20—Brandish 8.50—Girton

RADIO 1

The Mational Benzole Master Bowser
Championship. 11.45 Oscar and the
Great Wooferoo. 1.20 pm Grampian
News Headlines. 3.00 Monday Matines:
"Cry For Help." 5.15 Out of Yown. 6.00
Grempian Toda: 6.05 Flair. 10.30
Rellections. 10.35 The Monday Thriller:
"Kiss the Girls and Make Them Die."

Kiss the Girls and Make Them Die."
Newsbeat: 10.00 Jahn Peol (s). 12.0012.25 am Grampian Lats Night HeadInes. RADIO 2

RADIO 2
5.00 a.m. Naws Summary. 5.3 Tony Brandon (s). 7.32 Terry Wogen (s). 10.03 Jimmy Young (s). 12.15 p.m. Waggonors' Walk. 12.30 Pete Murray's Open House' (s). 2.15. David Hemilton (s). 4.15 Much More Music (s). 5.00 News. 5.05 Waggonors' Walk. 5.20 John Dunn (s). 8.45 Sports Desk. 7.02 Music from the Movics (s). 7.30 Soorts Desk. 7.33 Alan Dell including 7.33 The Dance Band Days and 8.02 The Big Band Sound (s). 9.02 Humphirey Lyttelton with The Best of Jazzon records (s). 9.55 Sports Desk. 10.02 Funny You Should Ask. 10.30 Star Sound. 11.02 Brian Marthew with Round Midnight, including 12.00 News. 2.02.5.00 a.m. You and the Night and the Music, with Patrick Lunt (s).

Maunee: "The Man Wilhout a Country.
5.15 The Undersea Adventures of Captain Nomo. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 10.35 Crossroads. 5.00 Report West. 6.22 Report Wales. 10.35 Crossroads. 5.00 Report West. 6.22 Report Wales. 10.35 Crossroads. 6.00 Report West. 6.22 Report Wales. 10.35 Coverture part 1 (S). 8.00 Nows. 8.05 Overture part 2 (S). 9.00 Nows. 8.05 Overture part 2 (S). 9.00 Nows. 8.05 Overture part 2 (S). 9.00 Nows. 9.05 Nows. 8.05 Overture part 2 (S). 9.00 Nows. 9.05 Noverture part 2 (S). RADIO 3

RADIO 4
6.00 am News Briefing. 6.10 Farming Wook. 6.25 Shipping forecast. 6.30 Todey., including 6.45 Prayer for the Day. 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.45 The Young Visiters by Doisy Ashford, 9.00 News, 9.05 Startine Wook with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Voce. 10.45 Morning Story. 11.00 The vice. 10.45 Morning Story. 11.00 The vice. 10.45 Morning Story. 11.00 The vice. 10.45 Morning Story. 11.00 The World at One. 1.40 The Archers. 12.20 Naws. 12.02 pm You and Yours. 12.27 Fain of Britain 1979 (S). 12.55 Weather: programmo news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 Nawa. 2.02 Woman's Hour. 3.00 News. 3.05 Aftermoon Theatre (S). 4.35 Story Time. 5.00 PM! News magazine. 5.50 Shipping forecast. 5.55 Weather: programme nows. 6.00 News. 6.30 I'm Sorry I Haven't a Clue (S). 7.06 Nows. 7.05 The Archers. 7.20 From Our Own Correspondent. 7.45 The Monday Play. 9.15 Many Mappy Returns with suther and travellor Rene Cuttorth. 9.30 Kelpidoscopp. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bodtime. 11.15 The Financial World Tonight. 11.30 The Unlorgettables. 12.00 News.

BBC Radio London 5.00 am As Radio 2, 6.30 Rush Hour, 9.03 London Live, 12.03 pm Call In. 2.03 206 Showcase, 4.03 Home Run, 7.03 Black Londoners, 8.00 Break-through, 10.03 Late Night London, 12.00-5.00 am As Radio 2,

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with Goorge Gale of 3.00. 8.00 After Eight. 9.00 Nightling. 1.00 am Night Extra.

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YOUNG VIC. 01-928 5363. Eves 7.30. A Rock Musical FAUST, All see 52. Last Week.

37 George Mamilton, Susan St. Des. LOVE AT FIRST SITE (AA). 1.25 40. 5.00, 8.20

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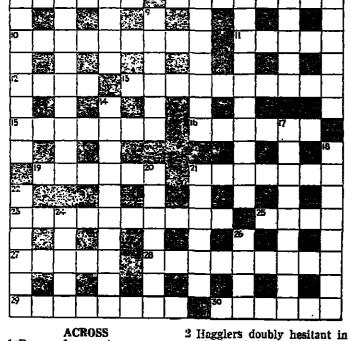
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News for England (except London). 4.15 Play School (as BBC-2 11.00 am). 4.49 Deputy Davig 4.45 Jigsaw. 5.10 Big John. Little John. 5.35 Captain Pugwash. 5.40 News.



the hospital (9)

3 A bird to revile (4)

in distress (6)

(6.4)

model (9)

5 About to negotiate a refuge

6 Sufficient allowance sure to

the street for a pound (6)

district close to the objective

certificates about a car

finish the business (4, 2)

means time for action (1-3)

prize puzzle will be published

with names of winners next

The solution of last Saturday's

The second production of the second production

20 Afflict the company in swell

surroundings (7)

ACROSS

1 Drums for a chap among sailors (6)

II Has an intuition that the recompense may be about

beat resistance (6-4) 15 Put the measure in case to 14 A sailor has to obtain

of invective (6) 19 Customs established by the wise among us (6)

21 A dog to beat the favourite 18 A step made in panic (8) 23 Embroidery has to the French little purpose (5, 5) 21 Afraid? You've got it-

27 You can't sink any lower (5) 22 Be forthcoming—start firing 28 "You're playing —s, and he calls you had names" 24 Draws about 500 sea move(Iolanthe) (5. 4) ments (5)

28 The double note always

30 Causes a split beween Percy and Shelley (6) DOWN

Nationwide.

11.00 Good Evening Salford!

at the following times:— Scotland—5.55-6.20 pm Report-ing Scotland, 8.10-9.00 The Vital

5.35-6.20 Wales Today. 6.55-7.20 Heddiw. 12.05 am News and Weather for Wales. Northern Ireland - 4.13-4.15

9.35 Roobarb. 9.40 Jackanory.
9.35 C.B. Bears. 10.15 Why Don't
You . . .? 10.49 The Floshing
Blade. 1.15 pm News. 1.30
Trumpton. 3.25 Your Songs of
Praise Choice. 4.13 Regional Spark. 12.05 am News and Weather for Scotland. Wates—1.30-1.45 pm Pili Pala.

11.40 The Devil's Music. 12.05 am Weather / Regional News. All Regions as BBC-1 except

F.T. CROSSWORD PUZZLE No. 4,034

4 Quietly turns the red to blue 10 Apposite, but if I'm in front it's rude (9)

spoil the drink (4, 6)
7 Boadicea's lot (5) 8 Made a home for a good man 12 Ring the German flower (4) 13 River and rail combine to 9 Famous footballer goes round

burn (7)
16 We find the artist in a flood 17 Ambassadors perhaps, have

25 No marine standard (4)

29 Extracts a herb in a predica- 26 The double note always

1 The best nick is excellent (8) Saturday.

5.55 Nationwide (London and South-East only).

6.55 Ask The Family. 7.20 Explorers of the Deep.

9.00 News.
9.25 "The Duke," starring Robert Conrad.
Robert Conrad.

South-West (Plymouth).

11.00 Play School.
4.50 pm Open University .
6.55 Pick of the Philpott File.

9.25 Inside Story.

7.55 For Valour. 8.10 The Waltons.

Country.

9.30 am Beyond the Moon. 10.00 Open Air. 10.30 Cartoon Time. 10.50 The Coral World. 11.40 Greenwich: A People's Heritage. 12.00 Jamie and the Magic Torch. 12.10 pm Stepping Stones.

12.30 Emmerdale Farm. 1.00
News, plus FT index. 1.20
Thames News. 1.30 All About
Toddlers. 2.00 Rumpole of the
Bailey. 3.00 Monday Matines.

"The Club and the Pulsit" 488 "The Gun and the Pulpit." 4.20 Clapperboard. 4.45 Why Can't I Go Home? 5.15 Survival.

5.45 News. 6.00 Thomes News.

6.05 Miss Thames Television 6.35 Crossroads. 7.00 Oh Boy! 7.30 Coronation Street. 8.00 Spooner's Patch. 8.30 World In Action.

9.00 Spearhead. 10.00 News. 10.00 News. 10.30 Monday Star Movie: "Castle Keep." starring Burt Lancaster. 12.25 am Close: Actor Hugh Morton reads from Brother Roger of Taize.

All IBA Regions as London except at the following times:-**ANGLIA** ANGLIA

10.30 am Andy's Party. 10.55 Weir's
Way. 11.20 The National Benzole Master
Bowler Championship. 11.50 Oscar.
1.25 pm Anglia News. 2.00 Houseparty.
2.25 The Love Boat. 3.20 Rumpole of
the Bailey. 5.15 Get Some Inl 6.00
About Anglia. 10.30 Speedway—Match
of the Week. 11.15 Feature Film: "Not
Of This Earth." 12.35 am Reflection.

ATV 10.30 am Diek Tracy. 10.35 Sesams Street. 11.35 Ghost Busters. 1.20 pm ATV Newsdesk. 2.00 Movie Matines: "The Shell Game." 6.00 ATV Today. 10.30 Columbo. 12.15 am Something Different.

BORDER

10.30 am Andy's Party. 10.55 Weir's Way. 11.20 The National Benzole Master Bowler Championship. 11.45 Oscar and the Great Wooferoo. 1.20 pm Border News. 2.00 Houseparty. 2.25 Young Ramsay. 3.20 Rumpels of the Bailey. 5.15 Cabbages and Kings. 6.00 Lookaround Monday. 6.20 The Sound Of ... The New Seekers. 10.30 S.W.A.T. 11.30 Th

1.20 pm Channel Lunchtime News and What's On Where 3.00 Tho Monday Matinee: "Lanigan's Rabbi." 5.15 Cabbages and Kings. 6.00 Channel News. 6.10 The Beverly Hillbillies. 10.22 Channel Lato News. 10.35 Sounds of Summer. 111.10

pm Northern Ireland News. 5.53-6.20 Scene Around Six. 12.05 am News and Weather in French followed by Channel Gazette. News and Weather for Northern GRAMPIAN

Ireland. England—5.55-6.20 pm Look England—5.55-6.20 pm Look Sorth in a Row. 10.55 Werr's Way. 11.20 The National Benzole Master Bowier Championship.

GRANADA 19.30 am Sesame Street. 11.25 Valley of the Dinosaurs. 11.45 A Handful of Songs. 1.20 pm Dick Tracy. 13.00 Monday Matinee: "Good Morning, Boys!" starring Will Hoy. 5.10 Felix the Cat. 5.15 Crossroads. 8.00 Granada Reports. 6.30 Gct Some lint 110.30 The Monday Film: "The New Interns" starring George Segal, Telly Savelas,

HTV 9.25 Inside Story.

10.15 Best of Brass.

10.50 Return Call to Brass Tacks.

11.00 Late News.

11.15 Gustave Courbet—Engine of Revolution.

12.05 am Closedown reading.

12.05 am Closedown reading.

12.05 am Beyond the Moon. 10.00

9.30 am Beyond the Moon. 10.00

9.30 am Beyond the Moon. 10.00

10.50 The Coral World. 11.40

Greenwich: A People's Heritage.

12.00 Jamie and the Magic

12.00 Jamie and the Magic

12.00 Jamie and the Magic

13.00 Tarch 12.10 am Stepping Storage.

14.10 Jamie and the Magic

10.30 am Andy's Party. 10.55 Weir's Way. 11.20 in Mattonal Benzole Master Bowler Champtonship. 11.45

Way. 11.20 in Mattonal Benzole Master Bowler Champtonship. 11.45

Oscar and the Great Woolstool Haddines. 3.00 The Monday Male Haddines. 3.00 The Monday Master Bowler Champtonship. 11.45

Oscar and the Great Woolstool Country. 5.15 The Undersea Adventures of Capital New John Market Champtonship. 11.45

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National Market Bowler Champtonship. 11.45

Oscar and the Great Woolstool Champtonship. 11.45

Oscar and the Great Woolstool Champtonship. 11.45

Oscar and the Great Woolstool Champtonship. 11.40

Oscar and the Great Woolstool Champtonship. 11.45

Oscar and the Great Woolstool Champtonship. 11.45

Oscar and the Great Woo

East area only). 12.00 Farm Progress. TYNE TEES Hugh from Andrews Hoselines 10.30 North East News Hoselines 10.30 Andy's Perty. 10.55 Werr's Way. 11.20 The National Benzole Master Bowler Championship. 11.45 Oscar and the Great Wooleroo. 1.20 pm North East News and Lookaround. 1.20 Monday Matines—"Turkey Time," stärring Tom Walls and Railph Lynn. 5.15 The Best Disco in Town. 6.00 Northern Life. 10.30 The New Avengers. 11.30 Jazz Night. 12.00 Police Surgeon. 12.30 am Epilogue.

ULSTER

10.30 am Andy's Party. 10.55 Welr's Way. 11.20 The National Sanzals Master Bowler Championship. 11.45 Oscar. 1.20 pm Lunchtme. 3.00 Monday Matines: The Shell Game." 4.18 Uister News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Family Matters. 6.30 The Mary Tyler Moore Show. 10.30 Monday Movie "Sapphire." 12.10 am Bedume. WESTWARD

YORKSHIRE 10.30 a.m. The Herbs. 10.45 Kosciusko
The Cruel Country. 11.35 The Roman
Holidays. 1.20 p.m. Calandar News.
3.00 Untamed Frontier. 3.25 Step on
Ice. 3.50 The Sullivano. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont eds.). 10.30 The Calendar Question. 11.00, Barney Miller. 11.30 Do-gooders.

London Broadcasting

Capital Radio
6.00 am Graham Dene's Breakfest
Show (S). 9.00 Michael Aspel (S).
12.00 Dave Cash. 3.00 pm Poter Young
(S). 7.00 London Today (S). 7.30
Jazz on a Summars Day with Adrian
Love (S). 9.00 Nicky Horne's Your
Mother Wouldn't Like It (S). 11.00
Mike Allen's Late Show (S). 2.00 am
lan Davidson's Night Flight (S).

هكذامن المتحل

Munich Festival-3

Meistersinger, Werther

by MAX LOPPERT

A newcomer to the first third street scene of Act 2 and the holds sway. There were two of this year's Munich Festival interior of Act 3, and were discovered there a strange dispushed back to frame the purity of standards. The less Festiveise: but their appearaments of the standards of the standar Figure 2 strange dispussed oack to make the pussed oac performed with devotion and posed to be the Pegnitz meahigh accomplishment, by dow, for all the world as ensembles cohesive and though the Johannistag celebraensembles cohesive and though the Johannistag celebra-balanced; and were greeted with tion were a mayoral garden discrimination and intelligent party with meanly buttered

two big, popular events of my five days—the new Meister-Everding: a producer so imaginative and resourceful in Paradise Lost, evinced discomwith Fischer-Dieskau, the 1977 Werther with Domingo. fort or, worse, impatience with Wagner, in an account of the opera that joked and bounced unmercifully, shedding most of revived for two festival performances—were an introduc-tion to a different kind of operatic Munich: productions at worst coarse and unstylish, played to an audience apt to chatter and fidget (and permitted late arrival during the Wagner first acti, when not cheering the scenery and the singers indiscriminately. I'm not sure what I expected from a first Meistersinger in Munich, the city where the

opera was first given. I suppose I hope for a spirit of depth and seriousness, and feared its modern opposite, the spirit of Producer's Perversity, tampering with libretto and musical souse. August Everding and his designer Jürgen Rose invoked neither; their staging was not serious, not innovative, only rempish, crudely high-spirited. and often vulger. The period was moved forward by about two centuries; the interior of St. Therine's Church was a and white paint. Rose's gal-

attention by the audience. The cucumber sandwiches.

the romantic poetry, insensitive to the majestically steady inner rhythm of the music-drama. It was filled with "novel" touches. The Mastersingers vawned, rolled about in their and cleanly in the quintet. seats, mugged their incomprehension of Walther's "So rief de Lenz;" Peter Schreier, a disappointingly bumptious David, pulled faces during the recitation of the tones; the Act 2 riot was a pillow fight, in which tumblers participated; the Nightwatchman won a laugh with his funny walk. And so on. No good points? Well, there was Beckmesser, tall, nervous, and crotchety, very touching in Hans Günter Nöcker's beautifully timed characterisation. One looked forward to his every appearance.

And there was Kurt Moll, in mellow, rock-steady voice, as Pogner. For the rest, the modern, non-legato manner of Wagner singing tended to prevail: it does so everywhere, it and wooden structures were seems, except where the influ-

born Davids in the cast-one of them, René Kollo, was singing Walther; and two born Beck-messers—one of them, Dietrich Fischer-Dieskau, was singing Sachs. His baritone, though puffed out and made consciously weighty, is no Sachs voice. At pedantic verbal underlinings; with the first monologue, and "der Flieder, so MILD, so STARK und VOLL," old habits returned. The whole performance, indeed, was a triumph of cerebration and minutely applied effects: there was no breath of naturalness in it. His wife, Julia Varady, was the Eva, I cannot quite hear the artless young girl in her voice. nor can I see her in Varady's dusky Mediterranean beauty; but she poured out, excitingly in "O Sachs! Mein Freund!",

Under Wolfgang Sawallisch. the playing of the Bavarian State Opera Orchestra was rackety, for the most part crudely blended and shallow of tone. The chords at the start of the final Meisterlied were only the most notable of many that splayed during the evening. Tempi were fast; the opera hurtled along. The effect was of conductor and producer working in perfect accord. Die Meistersinger had at least

the dubious merit of determina-

tion in its coarseness. In Werther, uncertainty of style dominated. There were ludicrous surrealist sets (box hedges impregnated with little glow-lights in the first two acts; snow falling in Albert's drawing room in the third). Kurt Horres's production also had its nonsensical moments — Charlotte keeled over in a faint at the close of the second act, and lay theré, like a rumpled picnic rug, while Albert looked on impassively and the curtain fell. Jesus Lopez-Cobos pulled Massenet's music about, sentimentalising and rendering commonplace its sweetness and its suave melodic lines. (He cut at least 48 bars from the end.) Singing in manufed French, the cast was decent German provincial-which served to underline the difference between Goethe's and Massenet's views of the German provinces. Charlotte was Brigitte Fassbaender, handlut only of their output the difference between Goethe's can have as marked an effect at the box office as unfashionable contemporary music. The respectable audience that did she made almost nothing of the content of their output that the box office as unfashionable contemporary music. The respectable audience that did she made almost nothing of the

movements (more delicate and i detailed than I have seen from his eyes set him apart. The words were clear-pronounced not so much idiomatically as with great feeling for their meaning, and for the way they lie upon the vocal line. His love for the opera, strongly evident, was never superabundantly displayed—the style was distinguished by care and tact. The voice did not always flow easily: the top seemed under pressure: but in the Ossian strophes the tone was incomparably beautiful.

Architecture

The shopping Kew by COLIN AMERY

shopping centres will open for business. Late in September the Prime Minister will per-form the official opening ceremony and no doubt her mind will wander from the marble halls of Milton Keynes back to that modest grocer's in Gran-tham where she acquired her first experience of looking after

Centre is a far cry from any-thing of its kind yet seen in biggest planned urban development ever undertaken in the UK and by the 1990's there will be at least 200,000 people settling into the new city in the countryside of North Buckinghamshire. Planners Buckinghamshire. describe the shape of the fast who live in the new city and cope with its growing pains may have different words to describe their environment, but no one can argue with the fact that the city is about the most planned place in Britain and probably in Western Europe.

How does it all look? What sort of building is the great new centre? As you drive up the slight slope to the brow of the site all you can see is a long, very long, low glass building. Or is it a building? Because the architects have chosen to clad most of the structure with reflective glass panels it is the reflections of the sky and the scudding clouds that you see. But as you get a little closer there is no doubt

Albert Hall/Radio 3

At the beginning of August long and almost 500 feet wide, one of Europe's largest covered But, unlike that palace, the shopping centres will open for facades at Milton Keynes are devoid of any modelling or emphasis and appear to stretch into infinity.

At the eastern end of the

centre is a large open space that is to be the City Square. This space is fringed by a beit of rough woodland that is a touching reminder of the woods and the shop.

Milton Keynes Shopping site. But there is no room for any rural nostalgia at Milton Keynes—this is the new world, A Britain. The new city itself is few steps from the great square officially described as the and you are inside one of the biggest planned urban develop- two arcades that lead into the shops and run the entire length of the centre. Unlike so many shopping centres this one is full of brilliant light and the arcades are high and wide and floored with Travertine marble. Down the centre of these indoor growing city as remarkably free streets are rows of flower beds from compromise. Other people surrounded by low marble surrounded by low marble henches. Banyan trees, camellias, pines, palms and an array of cacti and succulents grow luxurisatly. It will be like shopping at Kew Gardens.

The architecture of the centre is at all times incredibly recessive, smooth and rather other worldly. This impression is uniform and too controlled to has some mystic connection pubs and restaurants in this likely to fade as more and more have much meaning for the with the alignment of the centre but it will all be locked chain stores with their hideous people who are going to use it centre on the point of the Mid- up after dark for the guard lettering and brash façades It is, by any standards, well arrive. Already the Woolworths designed, beautifully finished store stands out because it has and impressive by its sheer size. been designed without any special concern for anything other than its corporate image.

The whole centre raises the born. question of whether or not it is possible to design every aspect the centre are indoors. There elements but I am sure that has some interesting architector of the environment. A town is a large garden court open to they will miss the sense of ture and a lot of marvellous of the environment. A town is a large garden court open to they will miss the sense of ture and a lot of marvellous centre is not like an airport or the weather that is partly lawn really being in a city that comes trees. As it grows it should feel about the size and presence of a giant supermarket and some and partly a pool and fountain. the centre. It is on the scale how the cool austerity of the A curious geometrical pattern of Versailles, over 2.000 feet. Milton Keynes Centre is too has been laid into the floor that

At Milton Keynes-covered hall looking into service road

But it is the architecture of the Zodiac, perhaps to add to such an absurdly low density Wonderland—designed for a the impression that this is a that it cannot yet even pretend race of men that have yet to be pagan place?

summer sunrise. Steel bollards dogs to go on the prowl, Milton are decorated with the signs of Keynes has been planned on Families will welcome the everything are too great. It is Not all the public spaces of easy access and shelter from the a very well planned suburb. It

Dvorak's Fifth by Ronald CRICHTON

Dvorak's Symphony No. 5 in absolutely happy in Dvorak's material has a streak of com- Pianos and Strings have their F (No. 3 is the old numbering), trickily exposed scoring, such a monplace and the view of the whimsical, dig-in-the-ribs side light and sometimes sharp in texture, is just right for a hot symphony into the canon. The summer exening, Even so it will fifth and No. 6 in D are the not (and did not) pack the two most in need of belated Albert Hall, Unfamiliar works by composers popular for a their divinely handful only of their output British champion.

Prom. Even those unfamiliar

Bridge is having a good centenary year, so his reputation can surely take an occasional knock. The Sea, a four-movement orchestral suite born at words.

And despite all this, it was a memorable performance, for Bridge) heard a fine reading by it had a noble and ardent here, the BBC Concert Orchestra the Proms in 1912 and played Domingo's whole being seemed under Sir Charles Makerras, partly explained why. The writsuffused with poetry. On first Apart from fleeting hints that ing is as sure, effective and proappearance, his bearing his the players were not always fessional as ever but the

performance should speed the with La Mer can't be shirked. Beside Debussy's command of the pull, swell, beauty and mystery of the waters, Bridge acceptance, and Makerras is their divinely appointed merely seems to go rock-pool paddling with a shrimping net. His storm-finale is mild: for this, his pupil Britten made amends many years later in Peter Grimes. Bridge's Sea has been compared with "an English water-colour was, not how-ever Turner but Edwardian

Williamson's Concerto for Two so lively.

weave surprising and complex bility that move nowhere in par-

sources. In Star Child, com- section of oisy, clever bombast;

missioned by the Ford Founda- a few obvious antiphonal effects,

tion in 1977, there is not one sudden shouts from the brass, measure to match the definess riffs and swirls from the per-

and lively pointing of Ancient cussion; but nowhere a gesture, Voices of Children, the magical a texture or a line of real sub-

shifting colours of Eleren stance—all air and pretension,

echoes of autumn, the sparkle a slick package of doodling from

Crumb's Star Child by DOMINIC GILL

the British premiere of his In the event. all except the weave surprising and complex billty that move nowhere in parlatest, and in terms of instruvery guilible will have been dismental numbers so far his appointed. Star Child is a big sources. In Star Child, comsection of oisy, clever bombast;

subject is limited. Comparisons but they add salt and wit. Since the work was a commission the scoring for strings only was presumably a condition, but except for the slow movement (a sort of saraband with slipped discs and much nicer than that sounds) the result at least in the Albert Hall inhibits the precision the rhythmic patterns demand. Back-desk violins book-illustration, reliable technique applied to genteel beginning the whole band The isorhythmic shifts of hadn't sounded so compact and

ICA Theatre

Roy Orbison sings "Only the Lonely" on the juke-box. The lights come up on a still life of brass instruments. A railway, track disappears into the distance. Three girls in black glower at each other. On tape, we hear a storm, the twitter of birds. One of the girls slowly dries some cutlery while another prepares a meal for the boy. He sits at the table, removes the lid on his plate and eats a page seemed straggly and remote from a book. The lighting is from the soloists (Moura Lympany and the composer). One laughs. This is performance pany and the composer). One laughs. This is performance might have noticed less if in the theatre according to Hesitate. Bartered Bride overture at the and Demonstrate, a Yorkshire

You either submit to this sort of stuff or you begin to fidget. I fidgeted. A wedding march.
A white shade descends on the celebratory cake. Suddenly the temperature changes. It is hot a girl lies in a hammock and, to the accompaniment of jungle music, an animal skin rises from the floor to envelope her. Black magic. In a theatre, chocolates are proffered. The gestures are Admirers of the music of the American composer George Crumb (b. 1929) will have looked forward with interest to looked forward with looked slow but immagulate. A fire ensues. Playground poises. The three girls are addressed by their tutor in the show's one spoken line: "You are a good.

girl, aren't you? The man goes from the pulpit to the table to collabse. A brass band plays "Onward Christian Soldiers" and a Freuch anthem. The girls pour a cup of tea. One of them has a white bird on her shoulder. The lights fade. We all go home. Somebody said it was about the Brotes. I thought how good the People Show are.

MICHAEL COVENEY

Beryl Grey to resign Beryl Grey is to resign next month as artistic director of the A statement issued jointly by

result of restructuring. Miss Grey, who has been with the company li years, will become one of the governors of the ballet's trust, advising on sponsorship

London Festival Ballet. the company and Miss Grey said she would be leaving as a

CECMET BY TREVOR BAILEY

Masterwork? by NICHOLAS KENYON

in a rock framework- almost attractive screening clarinets and saxomechnically obsessive piano only

Rivsside Studios

bise is powerful and ing of Leporello's aria from Don

pecs-all mixed and amplified, and it is certainly too early to

When the harmonic material be staged at Riverside in the note: Siedgehammer to is interesting, as when he builds autumn. The piece seems to be not very substantial nut. up the material from the opengoing to be a criticism of archipounchs: the product insistent Gioranni, the result has a weird and realises. Nyman has taken fascination. Where there's a for to quote, it will "demonstrate new ostination and hypnotic tune of sorts blasted out under strate some of the overtects forcing people into moulds of Stave Reich and the figuration, as in Bird List, systemised and absurdly de-Gless and put them the best of the evening, it's signed modulated systems of in a rock framework— almost attractive living "). Nyman's sketches are But the major offering had pure mould-music, rigidly overphone, blaring horn and trom- neither of these features. I systemised. And its hypnotic bone decked out with the nice suppose any piece called Master- repetitions did not, as with the touch of a couple of re- work will sound disappointing, best of this repertoire, stimulate all mixed and amplified, and it is certainly too early to the senses subtly—they dulled ted by Nyman's own pass judgment on what were them forcibly. Long before the musical sketches for an end. one wanted to stop the

seven trumpets, several van- out, like musical candy floss, to loads of percussion played by nearly 40 minutes. performers,

Barnardo, will open on Wednesday, May 21, 1980 in London at the Royalty Theatre, Portugal Street, Kingsway. It will cost £300,000 to stage and will have a cast of 50 plus a 22-piece ambitious multi-media event to eternal roundabout and get off. written and composed by Ernest English actress."

Perhaps Crumb's most rehandbell

A new British musical based Maxin, the BBC producer who the life of Barnardo's Homes won the 1978 BAFTA award. on the life of Barnardo's Homes founder, Dr. Thomas John title role. The role of Syrie requires a

largest, work at last Friday's work only in the kind of par-

with the name will have had big man; in musical substance it

their curiosity quickened by is a feeble cousin indeed to the the description in the Prom best of Crumb's music — an prospectus of the forces empty and spendthrift indul-

involved—an expanded sym- gence, made of perhaps 10 phony orchestra including minutes worth of ideas spun

Musical about Dr. Barnardo

The main characters will be to sporsor an annual series of Tom Barnardo and his wife six celebrity concerts in National Syrie with James Smillie in the Trust houses in the South-East title role.

Trust houses in the South-East The series will start with a

lance that calls a big spender a

dramatic actress with a good singing voice and Mr. Maxin orchestra. The musical has been says: "I will be looking for an

TENNIS BY JOHN BARRETT

of the three Makrokosmos. The an uncharacteristically confused very freedom offered by such but still fluent pen. Great music in great houses The National Trust recently play at Clandon on March 1, announced a new form of arts 1980.

sponsorship. Herring, Son and Emil Gilels, the Russian Daw a leading firm of London estate agents and surveyors are

specially commissioned pro-gramme from the Songmakers' Almanac to be held at Clandon in Surrey, on December 15. The Gabrieli String Quartet will also October.

nianist will play at the Vere in Hampshire in May, Henryk Szeryng, the Polish violinist will perform at Wimpole in July and Clifford Curzon will play at Cliveden in September. The first series of concerts will end with a performance by the Amadeus String Quartet at

cussion; but nowhere a gesture,

Petworth House in Sussex in

Essex capitalise on their luck

FLUX OFTEN plays a vital part for another comfortable win. citet and it is one of the But the pitch was unpredictable, off-field facilities at Colchester.

y nave an enormous lead much improved set and competent Kent. ngland selectors who, until more than 80 wickets to his

furtune.

Hier last week, having shot Line and length our lampshire cheaply in the firs innings. Hardie—not one of beir stars-produced the

appeared to oe heading loose deliveries.

Gloucestershire's attack was

weekend, ignored John captured five for 33 in nine they scored 66 runs for the sole He is by far the most overs. Their spinners did not loss of Sadiq.

Saful bowler in the country have sufficient control and The expecta have sufficient control and their fielding was undistinguished. No team with good ought to be wreaking havor. It bowlers would have allowed th. Essex are heading bowlers would have allowed ely for a "double " because Essex to climb off the floor, let have capitalised on their alone to regain the initiative.

turns sharply and lifts, a find runs hard to come by, in mor innings. The contrasting spinner must concentrate on line spite of Zaheer and Procter of East and Acfield took and length. This is where the being quality performers and advantage of a wearing Gloucestershire pair, of slow the team's good support batting. left-armers. Childs and Graveley. Essex's chance will be further Saturday, Gloucestershire failed. Their 27 overs cost 114 improved by the fact that Brain, bustled out for 92 and runs and contained too many Saturday's main executioner,

reads why Esser, with almost 200 points, are top of the Scheppes County Champion-shipable.

But the pitch was dispitational and they were suddenly in deep but the pitch on Saturday was not up to county standard. Twenty-one wickets fell during the day. The seamers made the ball life typicarenest and the same and the mixture of aggression and ball lift unpleasantly and the determination. They reached a spinners achieved turn and bounce. Batting looked impossible at the end of the Gloucstershire innings and weak, with no second seamer to when Essex came in. But when exploit a pitch on which Brain Gloucestershire went in again,

Essex have improved their

is hard to believe the venom has suddenly departed from a pitch on which much of the top has already gone.

When the match is resumed. the Essex attack should have On any wicket where the ball Gloucestershire are likely 10 has pulled a muscle.

problem of playing on a bad wicket by deciding it is impossible, not merely unpleasant. Britain virtually dies after They are not helped in the Wimbledon—at least as an pavilion by hearing such comments as "mine was unplayable " or " it simply rose straight

The truth

The truth is that a batsman on an untrustworthy pitch needs some luck, especially at the start in tense application and the occasional calculated risk. After 20 minutes or so, life gradually becomes almost feasible, and there are few more rewarding important week of the domestic things in cricket than playing a season with competition for vital innings in the circumstances.

Essex, providing the total is not too high, should fancy their for the Essex men and the bute to the outlook of the rest chances in their second innings, especially as the admirable especially as the admirable gree of support from the higher Miss Coles, Veronica Burton ranked players, county tenns now ranked 17 in Britain and Can be every bit as rewarding Jane Plackett, Julia Lloyd and

County players reap rewards

for thinking that the game in international spectacle.

The truth is that at the heart of the summer season activity is intense. At county and, once the school term has ended, at junior level, there are events of quality which would surprise those who believed that only the Centre Court could produce excitement.

Last week for instance, at seven venues, 42 British counties fielded men's and women's teams of six players each to contest County Week. This doubles competition is perhaps the most county places intense among the

Last week's group one victory at Devonshire Park, Eastbourne women of Middlesex provided ample evidence that with a de- Linda Geeves who partnered

I witnessed some exceptional

rallies on Thursday when Essex, without the services of the in-jured David Lloyd, our Davis Cup doubles expert, struggled to beat Middlesex, their closest The rubber in which John Marnoch and Kevin Harris beat

the Middlesex third pair Bobby Wilson, the former Davis Cup player, and Jeremy Trafford 17—15, 11—9 after three hours tive as any match.
This was a fourth consecutive

success for Essex who were without the middle Lloyd, John, absent in America and their fifth victory in all.
It was good to see Glynis Coles our fifth ranked player, leading the Middlesex girls. Her presence was worth a couple of rubbers a day and it was a tri-

of the team, which included

Yorkshire by six rubbers to three in the last match on Friday that Miss Coles and Miss Geeves were beaten. They lost to Sue Mappin, who guides the fortunes of British women's teams, and Jo Smedley,

to spoil an otherwise un-blemished record which left them with 14 wins to that one This was a 20th victory in this competition for the Middle-

sex girls who last won in 1973. Surrey, the holders, lost only to Middlesex and finished second. They can still point to their glorious past, where the records show that they have won the inter-county competition 35 times. Middlesex, their nearest challengers, still have some way

The Lawn Tennis Association can be thankful that County Week, like this week's Junior Grass Court Championships and next week's Junior Invitational Championships for the under-12s under-14s and under-18s girls finalists.

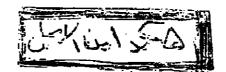
Batsmen often add to the EVEN THE KEENEST followers and even instructive as a spec- Sonia Davies, that the county all played on the splendid grass roblem of playing on a bad of lawn tennis could be excused tacle as the more glamourous went through the week uncourts at Devonshire Park, Eastbourne—are supported by the defeated.

Wimbledon. It was only while defeating Prudential Assurance Company. There is no published figure for their county support, but for junior tennis in Britain, Pruden-

tial support the LTA with £55,000 per year. In addition, here are promotions and staging costs which must cost the com-pany at least another £25,000. Without this sort of help it would not be possible to stage the sort of high quality event which will be played this week. With the exception of Stephen Shaw, David Crichton-Miller

and Elizabeth Jones, who are representing Britain in the European Youth Championships in Bastad in Sweden, all the leading young players are on view.

Jeremy Bates of Surrey and Keith Gilbert of Buckinghamshire are seeded to meet in the boys final while Kate Brasher of Surrey and Sonia Davies of widdlesex are cost as the likely



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Rhodesia and Mrs. Thatcher

the Commonwealth breaking up terrene in African affairs. if a solution were not found. The Conferences ended with the Commonwealth intact, and the question Rhodesian still

Civil war

The difference between this week's conference in Lusaka and those which went before is twofold. On the one hand, there has been an internal settlement face of it to majority rule. It was the achievement of majority objective of Britain, the Commonwealth and the United Nations. Yet, on the other hand. this state of affairs is plainly not acceptable to a large number of Rhodesian Africans, nor to the frontline African states on Rhodesia's borders. At the same time, the guerrilla conflict which many predicted over the years is escalating to the point where it may yet become a protracted civil war.

The task of the Lusaka meeting, therefore, can be simply stated. It is to see whether it is possible to find a Rhodesian constitution that would be more acceptable than that of the internal settlement to African opinion, both inside and around Rhodesia. If that could be done. it should follow logically that those African states which are to recognition of Rhodesia under present conditions would be prepared to withdraw their objections, and also to end their support for the guerrilla forces. The way would then be clear for the lifting of economic sanctions and the granting of Rhodeslan inde-The fighting might still continue, but at least it should be much diminshed

No-one should underestimate It is not elect, for instance, how easy it would be to secure the necesary constitutional changes. It is obscure whether Bishop Muzorewa, Prime Minister, actually wants changes to take place, and indeed it is impossible to be certain how much power he possesses. There is for majority rule for so long way to do it.

THE QUESTION of Rhodesia might find it hard to make the has tended to dominate Com- mental jump to recognition monwealth Conferences for even if substantial changes almost the last 20 years, just as were achieved. There is, too, the solution has defied succes- the attitude of Nigeria, not a British Prime Ministers, frontline state but a consider-The then Mr. Wilson, Lord able African power which has Home (in his various incarna- so far opposed any form of comtions), Mr. Heath and Mr. promise. Not the least factor Callaghan all tried to reach a to be taken into account is the settlement, and all failed. As reaction of the Soviet Union each Commonwealth Conference which, if nothing else, has approached, there was talk of demonstrated its ability to in-

In spite of these difficulties. however, the course outlined above is the sensible one to The alternatives are direct outside intervention in or what would amount to unitateral recognition of the present Rhodesian regime by Britain. intervention is simply that it would almost certainly create more problems than it would Britain going it alone is that all the other problems raised by Rhodesia would remain: the fighting would continue and in all probability intensify. Soviet involvement would increase while Britain's relations with some of the key African states wou'd deteriorate, perhaps to breaking noint.

Mrs. Thatcher, for all her other attributes, is a relative novice to African affairs. She has already made it clear-by her remarks in Canberra a few weeks ago, and, in passing, by her speech in the House of Commons last week-that her natural instinct would be to recognise the Muzorewa regime ledged that it would be preferable if the constitution could be changed to the extent that some African states would accept it as a basis for indepen-Yet the impression remains that if this cannot be done in the next few months, she will be prepared to recommend, or at least to accept, the lifting of sanctions the British Parliament in November.

No deadline

It is precisely that impression that needs to be dispelled in Lusaka, Commonwealth Prime Ministers are meeting in an attempt to establish common ground. They will not succeed if Mrs. Thatcher sets a deadline for going ahead with her own preferred solution. After all these years there may be a natural desire to settle the ing in a fiercely competitive Rhodesian question once and for all. Recognition, either de fecto or de jure, of an unsatisalso the point that those African factory constitution, opposed states which have been calling by so many Africans, is not the

Making cars on a world scale

WHEN THE merger between an unexciting prospect for the Leyland and British Motor consumer. Yet that is the way Holdings was arranged more in which the industry seems to than ten years ago, it was be moving and it would be un-argued that the two companies wise for governments or comon their own would be increas- panies to ignore it. ingly hard pressed to survive in an industry dominated by giant companies: they needed the economies of scale which the merger would make possible. As it turned out, British Leyland found it difficult to achieve the projected economies and the management problems involved in putting the two companies together were seriously underestimated. But the argument about economies of scale appears to be stronger than

Astronomical

Mr. Donald Petersen, a senior Ford Motor executive, told a conference in the U.S. last week that only companies which operated on a world scale, with an annual capacity of at least 2m vehicles, would be contestants in the world market battle of the 1980s. "It is obvious." said Mr. Peterseu, that many smaller specialised companies are going to survive only in marginal or protected domestic markets. Few of them can afford the astronomical costs of developing new models without associating with larger companies or turning directly to government for loans, subsi-dies or even partnerships."

Mr. Petersen painted a picture of a handful of companies. perhaps eight at the most, which organise component manufacture and rehicle assembly on a global basis to minimise costs and maximise product quality. "The multinational sourcing of some parts and components will become standard operating procedure for any automobile producer that elects to manufacture on a global

One hopes that the role of the specialist producers will be Such an agreement is desirable greater than Mr. Petersen thinks for many reasons and it is partiand that unexpected technical cularly developments will create new opportunities for smaller com- be as concentrated as Mr. panies, as they have done to Petersen suggests, it is all the some extent in computers. An more important for competition oligopoly consisting of a few between the surviving com-giant corporations, all of roughly, panies to be as vigorous as poscomparable size and all produce sible, without ing the same sorts of vehicles bending the rules to suit their for the same markets, presents national interests.

For BL, one of the smaller and more vulnerable of the European companies, Mr. Petersen's comments strongly reinforce the logic of the proposed agreement with Honda. So far this is no more than an arrange ment to build a Honda car under licence and sell it in Europe through the BL network. But the smaller Japanese companies must be as concerned by present trends in the world industry as their European counterparts. Some of them already have international links, though it must be questionable whether Isuzu and Toyo Kogyo relish a long-term future as junior part ners of giant American cran-panies. The scope for co-operation on a more equal basis panies. between Japanese and European companies is certainly worth

Distortions

For the so-called host governments there is the danger of a scramble for favours from the multinational companies. The recent contest for what turned out to be an illusory Ford assembly plant in Europe is a sign of things to come. Competition will become even fiercer as developing countries like Brazil (which is already a substantial exporter of vehicles) seek new ways of enticing the multinationals to their shores. Investment subsidies, fax concessions and export obligations all have a distorting effect on flows of capital and make it easier for companies to play one government off against another.

The only way to bring this competition under control is through an international agreement on the lines of GATT. relevant to motor vehicles. If the industry is to

A Tory dilemma over NEB'S high technology interests

N ADVOCATE defending state intervention in British private industry might well rest his case on two the National Enterprise Board's most successful investments. International Computers (ICL) and Systime.

"Ladies and Gentlemen of the electorate." he would say: "Without state interference, ICL would not exist. Without £40m of soft loans from a Tory Government, it would not have achieved its growth of profits and exports. Without public funds, ICL would not have become attractive to private enterprise.

New consider Systime, a email computer company in Leeds which doubled its profit and sales last year—a fine example, we submit of the marriage of talent and technology in the service of profit Yet Systime needed state funds to help it grow. "Why did it need state

money? Because Systime has never paid a dividend. And why has it not paid a dividend? Because its management believes profit should all be spent on research, development

The healthy ducks

Systime and ICL in different ways emphasise the dilemma-Government has created with its directive that the NEB should on the one to the private sector yet on the other maintain a "high tech-nology" group of companies under its protection. This disguises a rather inconvenient fact of life: the companies which are now attractive to the private capital market are exactly those companies for which state intervention has proved highly successful and, perhaps, essential. The 25 per cent holding in ICL and 50 per cent holding in Ferranti are the most obvious examples. The NEB is being pressed to sell out, just when the taxpayer is beginning to get a return on the risk capital invested on his behalf.

portfolio includes a group of smaller companies which are not lame ducks, as Ferranti once was, nor in need of the restructuring from which ICL emerged. Systime is an excellent example. It is private and very enterprising, but nevertheless has required public funds to help it to grow.

market, selling small business Programmers (CAP). computer systems against multinationals 100 times Its size, from International Business Machines apart from ICL, the British downwards. It is also an ambitious company, not prepared to dustry is fragmented and very tick over at last year's level of vulnerable to foreign com-£845.000 profit on sales of £9m. petition. The NEB argues that Instead of paying themselves this market can only be attacked dividends, the founders have successfully by companies which decided to concentrate all their are large enough to invest force on growth. And that is a heavily in research and developlong hard road, because in the ment, marketing, and in a wide computer industry even £100m product range. of annual sales is quite small compared with the huge costs to provide overseas marketing

Sir Leslie Murphy.

chairman of the NEB

Consequently the company might not be very attractive to venture capitalists, unless they were propared to wait a long time for their profit. Of course, there always is the hope of capital appreciation, but quite recently Systime did find that it was not enough to attract the institutions, and Systeme went to the NEB instead. On July 20 Sir Reith Joseph, the Industry Secretary called in to see Systime, which happens to he in his constituency, and he is reported to have come away highly impressed.

The NEB holds minority stakes of between 25 per cent and 30 per cent in a group of similar companies which have successful records designing and selling computer systems. All are small, and all will need substantial funds if they are to grow at the fast rate needed to attack export markets in the U.S., Japan, and Europe on a significant scale. In the past they have not been very successful in attracting private funds because of a combination of ignorance and caution in the large institutions. Even if the investment climate is now milder, a sale of the NEB's assets in these companies would raise only a trivial sum compared with the Government's total require-

In addition to these private companies in which the NEB has taken minority stakes, three have been started which will require total funding of £100m or perhaps considerably more. They are INMOS, INSAC, and NEXOS. The trio is part of a general strategy which the NEB has been evolving for the electronics industry and which is closely related to the investmen's in the computer systems companies like Systime, Logica, and Computer This strategy is based on the

fairly simple proposition that computer and office systems in-

INSAC was therefore formed

group of computer systems and programming companies under the NEB umbreila. Its job is to extend the range of the business in which they are already successful by providing co-ordinated marketing as well as extra money to develop new

30

20

10

NEXOS was founded to provide marketing and development money in communicating office systems. They include computer based typing stations which will be connected with electronic filing systems, and will absorb the functions of the traditional telex. A wide range of big companies, including IBM, Xerox, Siemens of Germany, Dutch Philips, and the General Electric Company are preparing for a major assault on this growing market. NEXOS will let contracts to a group of small com-panies including the systems businesses in which the NEB has taken or is planning to take

versial, of the new companies is INMOS, the subsidiary established last year to make microelectronic chips. INMOS is at the farthest remove from the central strategy, because even on an optimistic forecast it companies for several years. argued that semiconductor chip manufacturers will be of central strategic importance to the makers of computer equipment. By then it will be possible to ctch a powerful computer with owned company which will be jostling for position among the world semiconductor leaders in

Budget will be limited

Whather or not the new Tory Government liked this strategy in principle, it has been forced in practice to accept the general lines of the NEB's arguments. Sir Keith told Parliament on NEB is the wrong body to plan July 19 that these "dozen or the strategy.

NEB's disposals this year. "The market has been discouraged in recent years from supporting such ventures," he said. "Time British-owned candidates, ICL will anyway be needed for these and General Electric. Of the companies to evolve before the NEB can sell them. seems sensible to use the NEB as one means of familiarising the market with new techit will be limited, but clearly

so newly established high tech-nology companies would be

World Market for Small Communicating Computers

This raises, but fails to answer, the fundamental question of how much influence the NEB should be allowed to exert in co-ordinating the efforts of those companies in electronic information systems. A policy of sprinkling a few million pounds of equity capital over companies like Systime is quite different from a long-term plan for the growth of the whole estate. Whoever believes that The third, and most contro- all these small companies will be nurtured to maturity by free enterprise alone should very carefully at the methods which the multinationals can

use to crowd out smaller competitors. the U.S., for Exxon, would not be able to make a example, has used its oil special contribution to the other money to move into the electronics industry on a broad However, by the mid-1980s it is front from semiconductor components to office systems with a strategy similar at least in scope to that of the NEB. Exxon. panies recognise that electronics are developing so fast powerful and diverse group can

the implications of this extra- new and unexpected ways. Con- of view, ICL could find favour ordinary technology, but cer- sider a typewriter connected to as being a profitable fast growtainly it will create a revolution a television which contains a ing free enterprise company among office products. The NEB computer and can make auto with a successful history of

> compete effectively in that sort of market. Those that cannot compete will be forced into a corner, producing specialised equipment in small quantities. In Britain, with a weak home market and few large companies in the sector, a good case ean be made to support the NEB view that someone should co-ordinate the efforts of the smaller companies. The Government may, of course, agree with the argument, but say that the

Who, then, could fill the power vacuum which would be pruned so severely that its strategy could not be effective? There are only two credible

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TERMINALS & PERIPHERALS

two, ICL seems the most likely. GEC has enough money and the desire to enter the field, but it is already assembling its own jig-saw of acquisitions and development projects to attack the market. A new semiconduc-tor venture with Fairchild of the U.S. The acquisition of A. B. Dick the U.S. office equipment company, and several other moves show its purpose.

ICL is a successful computer company which must now be looking auxiously at developments in the wider office equipmet market. As computers become ever smaller and cheaper computer companies must look at every possible way of expanding their range of products. If miniature computers are to become integral parts of typing stations, then compoter companies may have to sell complete office systems to remain competitive.

At the right

ICL, certainly, would be interested in acquiring parts of the NEB's empire including some of its interests in computer systems companies and perhaps even slices of INMOS and NEXOS at the right price. Im components on to a single that the successful groups will and NEXOS at the right price, the few millimeters square, need a wide rings of different which means; very cheaply. Few people can comprehend all technologies to be combined in From the Government's points. has argued, therefore, that it is matic telephone calls—all for a digesting acquisitions. So why essential to form a British- few thousand pounds. Only a not encourage ICL to extend its fiefdom across the whole territory of electronic information systems?

it would be very unwise not to think of an alternative. The tor is by no means obvious free market by liself could. Sir Keith Joseph case to provide plenty of alternatives. his office with the convictio that

The objection to promoting ciplines of the free narket. ICL to the command of a bigger. Since their he has been told battalion are twofold. First, repeatedly that in Britis elecsome of the troops might not tronics the strong are all the like it. Systime, for example, few.

is a competitor and could not easily serve under the ICL flag. Second, ICL is preparing or should be preparing for a very tough battle to continue its advance in the large and

IBM has proved unexpectedly aggressive with the announcement of its new 4300 range of medium sized computers. By the use of very advanced coinponents, it has been able to slash the price to a third or a quarter for a given level of performance. The growing strength of the Japanese and the continuing improvement in components ensures that the pressure will not slacken for at least a decade. Entirely new types of computer are now being developed, for example, from components which are fremselves. complicated miniature compiliers.

Although ICL is well up in the development of some of these new systems, the new tech-nologies may demand huge expenditure on development. It is therefore not impossible that ICL. like most of its foreign. competitors, will in the 1980s once more require Government

Government pessimism

Under the Labour Government, the NEB was considering in a rather general way, the possibility of using its 25 per cent stake in ICL to bring the company into a closer relationship with its other electronics hold-

The weakness of the NEB in its role of electronics strategist has been that it intended to compete with the multinationals without having an effective substitute for the management structures of the multinationals It operates basically as a holding company and takes little active part in the running of the electronics companies in its port-

This policy of non-interference had advantages, but it is not at all clear whether marketing and development organisations like NEXOS could exercise adequate panies. Even under a Covernment which smiled on its ambi-tions the task of NEXOS would be formidable. If it is started of funds the task would be impos--sible_

The Government's decision to reverse the engines of state uon nas created wash of turbulence and incertainty in this high techn sector. Its pessimism about the It is a possible strategy. If effectiveness of state enter Sir Keith intended to-dismantle may be well founded, but may be well founded but the the strategic power of the NEB free market solution to Britain's structural weakness in the sector is by no means obviou

but mostly with German, the strong would be Japanese and American names strengthened by the harshy dis-

of research and development. and development funds to the

Electricians spark **BUPA** uproar

Battle-lines are already being drawn for a row which hids to convulse the Trade Union Congress at Blackpool early in September. It will centre on the deal, made at the weekend, under which 40,000 members of Frank Chapple's Electrical and Plumbing Trades' Union will have subscriptions to BUPA pald for them by their employers.

In trade union terms, this is heresv. TUC general secretory Len Murray recently sent out a letter to all affiliated unions, telling them not to involve themselves with private medical schemes. But Chapple is unrepentant about the deal he has made with the Electrical Contractors' Association, representing 2,300 companies. He has been quoted as saying: "No one is going to stop it."

When I yesterday contacted hers. Martin Pettingail, an official of the association, he expressed it next weekend," he said, According to Pettingall, the

deal was arranged through the joint industry board-of which Frank Chapple is a member after several months of discussion. It was not part of a wage deal, but purely an "extra benefit" for employees.

The joint industry board is based upon a counterpart in the U.S. which has a private medical care scheme. "I am sure the idea came from there." says Pettingall Although the deal applies to

only about one in ten members of the big EPTU, it is undoubtedly the biggest break-through Nor do I know of any union made among trade unions by private medicine. But when I talked to Derek Damerell, chief there will be a motion from the private medicine. But when I executive of BUPA, he dismissed the angry reaction of Employees, calling on all unions involved with the unions "as a matter of prin-National Health Service as "a ciple" to discontinue any rela-

storm in a tea-cup." He said that other trade pltals, and urging the TUC to unions had negotiated BUPA co-ordinate a campaign against arrangements for their mem- private health care.



"Why can't we take things alphabetical order and leave Zimbabwe end?

When I asked him to name them. Nearly 20 per cent of memshock that the news had got out, bers of BUPA are trade We were planning to announce unionists, either individually or in groups," said Damerell. A typical reaction to the news of the EPTU deal came from Bernard Dix, assistant general secretary of NUPE: "It's a stab in the back for the NHS." Chapple could not be

reached yesterday for details of

his claims that several whitecollar unions have made BUPA deals. He was said to be "visiting friends." Bill McCall, general secretary of the powerful institute of Professional Civil Servants, told me: "There is no question of our having ever negotiated BUPA deals with employers.

which has. Confederation of Health Service tionship with independent hos-

Talking big

Connoisseurs of quangos should be alert to the imminent birth of unquestionably the biggest of them all, Not surprisingly, it will be in the United States.

This is President Carter's proposed Energy Security Corporation, to be launched later this year with assets of \$88bn. The figure is more than the combined assets of General Motors and Exxon, and exceeds the gross national product of several sizeable European coun-

Like many quangos, the ESC will have an inherent contradicion—although the sponsors say it will be independent of government, there will be four presidential nominees on its sevenman board, plus the secretaries of the Energy Department, the Treasury and one other department as yet unnamed.

The mega-quango's job will be to try to make fuels out of coal, rotting vegetation and even rubbish. Sceptics say there should be an electric turbine harnessed to the hot air coming out of the boardroom.

Inside job

The prospect of being locked in a bank vault, with no means of calling for help, then gradually dving of suffocation or hunger has all the horror of an Edgar Allan Poe story. But I was a little cool towards the announcement by Chubb, the safe company, that it had devised a "life support system" for people trapped in vaults.

In real life, how many people are accidentally or deliberately shut into bank vaults-are there any known cases? Chubb were forced to admit that they did not know of any. "There have been three or four cases of people trapped behind the iron grills," said a spokesman doggedly. Still. £2,700 is not much for a machine that will keep up the oxygen supply and

allow those trapped to contact the outside world. Moreover, the machine does away with air tubes which can give bank robbers an advantage.

I had scarcely heard these arguments before the news broke of the Marseilles robberg in which an ex-mercenary security guard stole up to \$6m. How did he neutralise the other guards? By locking them in a

Glassy guile

Wood-carvers and curio sellers should make a killing during intervals of the Commonwealth Conference in Lusaka. But if this warning can reach them in time, visiting journalists and political advisers eager to bring home a memento of Zambia should be very wary of the men who sidle up with hits of emerald.

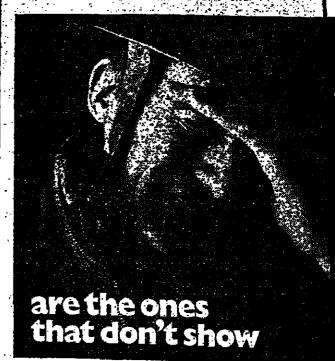
In recent months there has been quite a lot of disruptionespecially on the Copperbeltbecause of vanishing traffic lights. Officials have threatened severe penalties against people caught stealing glass from the robots. Red and amber lights are untouched—the ones that disappear are the green for go.

The culprits, it has emerged, are the local street-corner "emerald" sellers. They have discovered that pieces from the robots are easier to foist off on unsuspecting customers than the chips from mineral-water bottles which in the past were their main source of revenue.

Proves something

A colleague last week telephoned a leading magazine for which he had written an article and spoke to a temporary secre-"Can you let me have my proof?" he demanded. There was a long pause, then very suspiciously she replied: "Just what sort of proof do you

Some of the worst wounds...



It used to be called shell-shock. Now we know more. We know that the are limitations to the human mind. Soldiers, Sailors and Airmen all risk mental breakdown from over expo

to death and violence whilst in the service of our Country. Service ... keeping the peace no less than in making war. We devote our efforts solely to the welfare of these men and winner from the Services. Men and wanten who liave tried to give more than they con

Some are only 19, a few are nearly 90 years of age.
We help them at home and in hospital. We run dur own Convalescent Ho For some, we provide work in a shekered industry, so that they can without charity, for others, a Veteruns' Home where they can see out the These men and women have given their minds to their Country. If we

to help them, we must have funds. Do please belp to repay this wast del "They've given more than they could --please give as much as you can"

EX-SERUICES

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Gamble with high stakes

By Roger Matthews Cairo Correspondent

PRESIDENT ANWAR SADAT this year made his choice for Egypt—peace with Israel and optimistically, the road to prosperity for his 41m people. "This is an exciting time," he said recently. "What you are witnessing is the creation of a new nation which will be a model for the Third World."

persuade his people to take up arms against Israel. In itself

this might be seen, especially by the American administration.

as sufficient justification for the peace treaty, whatever the prob-lems it has caused in the rest

Even without the encouragement given to Islamic funda-

mentalism by the revolution in Iran and the political wibra-tions this is sending through-out the Arab world, it is certain

that the terms of the Egyptian-

Israeli peace treaty would have been condemned by many countries in the Middle East When combined with the

remarkable U.S. and Egyptian

have exacerbated an already

With friends such as Mr.

difficult situation.

of the Middle East.

For the peasant sharing a single room mudbrick dwelling with his animals, the urban office worker keeping a family of six on £25 a month and the property developers netting millions from the mushrooming luxury apartment and botel buildings in Cairo, the President has promised that times are going to get better and that the sacrifices incurred by fighting four wars in 30 years are to be repaid.

In their enthusiasm to match Mr. Sadat's ebullience, his offi-insensitivity in explaining the scarcely credible 99.95 per cent more moderate Arab countries. . Mr. Sadat's ebullience, his offireferendum vote in favour of especially the main Gult oil the peace treaty, although this producers and Jordan, this should not be allowed to detract opposition has developed into a from the fact that the large political and economic boycott majority of Egyptians are unmismajority of Egyptians are unmistakably pleased by what has far exceeded the fears of Mr. happened. But as President Carter and Mr. Sadat. The limmy Carter, the main mover Palestinian siege of the fin bringing the treaty to fruition, is finding, foreign served as a reminder, too, that there are groups and states that in the longer term for successful economic policies at home. This is all the move released the fears of Mr. Carter and Mr. Sadat. The Egyptian siege of the Egyptian embassy in Ankara served as a reminder, too, that there are groups and states the fears of Mr. In the sadat is the fears of Mr. Egyptian embassy in Ankara served as a reminder, too, that there are groups and states the fears of Mr. Egyptian leader's the beautiful for the fears of Mr. Palestinian siege of the Egyptian embassy in Ankara served as a reminder, too, that there are groups and states the fears of Mr. Palestinian siege of the fears of Mr. Egyptian embassy in Ankara served as a reminder, too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder, too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder, too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder, too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder, too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder, too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian embassy in Ankara served as a reminder too, that the fears of Mr. Egyptian em home. This is all the more releown intemperate outbursts, vant when the foreign policy directed particularly against triumphs are themselves subthe Saudi Arabian royal family,

ject to heavy qualification.
It is arguable that with every day that has passed since Presi-

After 30 years and four wars Egypt has finally made peace with Israel — only to find itself in conflict with the rest of the Arab world. This Survey assesses the economic and political challenges facing the country and the prospects for a lasting peace.



President Sadat with U.S. Secretary of State Cyrus Vance and Israeli Prime Minister Menachem Begin

successfully drive away even Government mending fences fragile economic base. the most moderate of Pales with the rest of the Arab world Sheikh Ahmed Zaki Yamani, tinians from the West Bank and are reduced. Only Somalia. Saudi Arabia's Oil Minister, has Gaza Strip autonomy negotia. Sudan and Oman retain diplolinked the latest OPEC price tions, which are the justifica- matic relations with Cairo, and rises to the Palestinian issue

after their meeting in May

dent Sadat went to Jerusalem in Menahem Begin, Israel's Prime tion for calling the peace treaty while not all the rest would like and warned that the West's vious substantial aid flows to November, 1977, it has become Minister, President Sadat a cornerstone for a wider to see the overthrow of Mr. failure to pressure Israel into Egypt, are placing the responsitively that any Egyptian scarcely needs enemies. While Middle-East settlement, so the Sadat they are by default help-withdrawing from occupied bility for keeping Mr. Sadat leader would again be able to Mr. Begin's policies and actions possibilities of the Egyptian ing to weaken Egypt's already. Arab territories can but con-affoat economically squarely on

tribute to further instability in oil prices and supply.
At the same time Saudi
Arabia and the other Gulf states, by cutting off the pre-

the shoulders of President Carter and the United States. In this process Mr. Sadat has been an eager participant and without reference to his Western partners has boldly announced a \$15bn five-year "Carter Plan" to underpin Egypt's economic development. So far the response of the U.S., together with West Germany and Japan, who are being asked to take up some of the Arab aid slack, as the two other main anticipated contributors, has not been enthusiastic. The U.S. has stepped up its \$1bn in aid a year by a further \$100,000 annually for the next three years, but there have been no new pledges from West Ger-many and Japan which are both heavily dependent on Arab oil. shown real alarm,

In a working document circulated to the heads of government attending last month's Tokyo summit of industrialised nations, ture of the economy and concluded: "Arab aid was helpful in development If its absence causes delay in this process the hands of the rejectionist countries will be strengthened, a to the progress of peace."

between project financing and commodity credits. Even allowing for the exaggeration aimed at spurring the Western Governat spurring the Western Governments into increased generosity the balance of payments projections for 1979 are alarming and even incredible. They show a balance of trade deficit this year of \$4.3bn compared with \$3.3bn in 1978 and an overall balance of payments deficit leaping from \$1.9bn last year to a staggering \$5.4bn. These figures presume that exports will decline by about eight per cent, cline by about eight per cent, that remittances from Egyptian workers abroad and tourism earnings will together plummet by 50 per cent, or nearly \$1.6bn, and that Arab deposits worth \$1.9bn will be withdrawn from the Central Bank.

Should these predictions prove even remotely accurate and western economic organisa tions take a view sharply opposed to that of the Government, which has begun to show signs of regret at their publication—then it would be fair to predict also either a radical shift in foreign policy by Mr. Sadat or his replacement.

Difficult

Equally difficult to comprehend is how Egypt anticipates being able to utilise \$18.5bn over the next five years, knowing that Western Governments the their aid to specific projects and only very rarely provide direct balance of payments support. Last year Egypt received just under \$2bn in all forms of aid, and the main continuing problem for the donors was to employ the money already in the pipeline and to find sufficient attractive projects for future years. Some foreign aid officials esti-As the possible effects of the mate that at the moment Egypt Arab boycott are beginning to can only realistically disburse be felt in Cairo, so the Governal aid at the rate of about \$2bn ment has for the first time without causing more serious inflationary pressures and embarking on projects that are not adequately prepared.

Until the past month Egypt's current external position did not the Egyptian Government seem one of its more pressing painted a sharply worsening pic-problems, but the latest balance of payments projections now put more emphasis on the stalled SDR 600m IMF facility and the bid to raise up to \$300m on the Eurocurrency market, both of which would provide funds for matter which might cause delay direct balance of payments support. However there seems little What is needed, according to the Government, is \$18.5bn over to draw on the IMF until it takes the next five years to be divided continued on NEXT PAGE



Sadat-man of peace





The Citation

In the course of the last 30 years the people of the Middle East have four times been ravaged by wars. During these three decades many sincere efforts have been made to find a road to the solution of the complicated problems of this area.

With the historic visit of President Anwer. Sadat to Jerusalem in November 1977 a. breach was forced in the psychological wall which, for a whole generation; has blocked understanding and human contact between Egypt and Israel

In the efforts to reach a realistic peace order which could build bridges between former enemies and present conflicts of interest the positive initiative taken by President Carter has also played a great role.

The two framework agreements on peace in the Middle East and peace between Egypt and Israel which were agreed upon in Camp David, and which presuppose a courageous will to peace on the part of President Sadat... represent in themselves a victory for the idea of peace in this part of the world.

However, essential negotiations still remain before the idea of peace is anchored in . binding political agreements, which can secure a future without war to the warexhausted people of the Middle East.

By the award of the peace prize for 1978 to Menachem Begin and Anwar Sadat the Nobel committee wishes not only to honour actions already performed in the service of peace, but also to encourage further efforts to work out practical solutions which can give reality to those hopes of a lasting peace, as they have been kindled by the framework.

The Treaty of Peace:

A Summary

The Sinai: Israel will withdraw from the Sinai over the next three years beginning with an agreed sequence starting with the north coast. Within nine months from the signing of the treaty, Israeli forces will have moved east of a line running from El Arish to Ras Muhammed.

Palestinian self rule: Within a month of the treaty's ratification Egypt and Israel willbegin negotiations to implement the agreement on Palestinian self-rule. They agree to try in good faith to complete negotiations on the details of self-rule within a year. There will then be elections of Palestinian local councils as a first step iowards self-government. This will be followed by a five-year transitional period : during which the final status of the West Bank. and Gaza Strip will be negotiated.

• Security: UN representatives will remain in the Sinai to make it a buffer area. Any change in the security arrangements, which can be reviewed at any time by the request of either party, must be by mutual agreement.

• Oil: Israel will withdraw from the Sinai oilfields within seven months from the signing of the treaty. The US has guaranteed to supply Israel's oil requirements for 15 years should an embargo be imposed against Israel.

O Normal relations: After ratification of thetreaty, a state of peace will be established between Egypt and Israel. After the first phase. of the Sinai withdrawal (within nine months) normal and friendly relations will be established and ambassadors will be exchanged after 10 months. At the same

time, all trade and economic barriers will be lifted, as will boycotts, and cultural relations will be established. Negotiations for such exchanges will begin no later than six months after completion of the interim withdrawal. There will be free movement of people and vehicles between the two countries.

• Free passage of ships: Israeli ships and cargoes going to and from Israel will have the same right of free passage in the Suez Canal as ships of other countries. The Gulf of Agaba will be regarded as an international waterway.

SADAT: THE MAN

A Biography

From his earliest years. Anwar El-Sadat has been driven by a vision of an Egypt free and at peace. As a child in the quiet village of Mit Abul Kum, where he was born on 25 December 1918, he acquired a profound love of his homeland and a fierce desire for Egyptian self-determination. By 1938, when he graduated from the Royal Military Academy, this desire had crystallized into action: founder and leader of the Free Officers' Organization, he promoted the idea of armed revolution and social change. Two years' imprisonment and a further year as a fugitive resulted, followed by an 18-month period in solitary confinement. However, his

detention did not break the organization, as its leadership was taken over by Gamal Abdel

Sadat has described his last eight months in prison as 'the happiest period in my life'. He attained a spiritual strength focused around his country and the Egyptian people which has influenced all his subsequent actions. 'It was in cell 54 that I discovered that love is truly the key to everything... and so I have proceeded from love in discharging my duty... now that I am President of Egypt."

Sadat played a key role in the 1952 Revolution, capturing the radio service and the telephone network and broadcasting the first official statement telling the Egyptian people that the Revolution had begun.

Appointed Minister of State and then Secretary General of the Preparatory Committee of the National Congress after the Revolution, Sadat was elected President of the National Assembly in 1960, an office which he retained until 1968 when he was elected to membership of the Higher Executive Committee and made Secretary of the Political Affairs Committee. The following year he became First Vice-President of Egypt.

At Nasser's death in 1970. Sadat was elected President of the Republic of Egypt.









A Place in History

Since his historic visit to Jerusalem in November 1977. Anwar El-Sadat has established himself as a man of peace.

His peace initiative was undertaken in the certain knowledge that Egypt risked some measure of isolation.

The speech in the Knesset with which Sadat began his final drive to peace spoke of the past without bitterness and of the future with hope, relying on the desire for peace. What is past is past, he told the Israeli people. Let us take a fresh look at the Middle East situation ·free of prejudice.

And in the difficult months which followed. Sadat achieved the first treaty of peace between Egypt and Israel since an Egyptian Pharaoh swore friendship with King Solomon 3.000 years ago.

Despite the difficulties which have yet to be surmounted, the Peace Treaty marks a change of heart which few could have anticipated. Where the spirit of peace prevails, its letter will not be allowed to present obstacles in the vital negotiations for Palestinian autonomy which he ahead.

In achieving this step Sadat has shown himself to be a man who can 'wage peace' to use President Carter's phrase, and a man whose vision of peace and love has been strong

Extract from the introduction by Safwat El-Sherif Chairman. State Information Service in a book published by The Egyptian State Information Service

through the Press and Information Service Egyptian Embassy 26 South Street London WI

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Politics

Experiment with power

elections billed as the freest and first involving full parties in Egypt since the overthrow of King Farouk in 1952.

They marked the third phase in Mr. Sadat's experiment with different forms of political representation since he succeeded President Nasser in

The first was the perseverance with the Arab Socialist Union (ASU), a largely unresponsive single party established by Nasser to control and direct political activities. Under the second, in 1976, permission was second, in 1976, permission was given to various political trends to form manabir or tribunes virtually semi-parties. There were three: of the left, right and centre. These contested elections in November, 1976 with the centre tribune—headed by the then Prime Minister—winning all but 48 of the 280 contested seats. Soon aftercontested seats. Soon after-wards it was decided to turn

these into parties.

Even at this stage a consistent trend in Mr. Sadat's partymaking became apparent, for, then as now, the formally-constituted parties never truly coincided with political move-ments within the country. Indeed, Mr. Sadat discovered that by opening the political door to manabir he allowed the party, a nationalist and opposition organisation dating back to the days of the monarchy. In spite of President Nasser's ban on political parties, its support had not been eroded over the years, and it thus threatened to evolve into a political force Government's control (in January, 1978, it applied to the ASU, carrying out one of its residual roles, to become a full political party under the new rules of qualifiencouraged others to follow sait, throwing up another characteristic of Mr. Sadat's politicking and experiments with democracy. For it is apparent that in the end he wants only a system which presents no conceivable threat

To counter the possibilities of parties slipping from his con-trol President Sadat makes wide theory at least, by "workers use of the referendum to appeal and peasants" was retained.) direct to the people for support. In recent years he has had four. Shukri wrote that "I would

• After the bread riots of 1977, 99.42 per cent approval to clamp down on opposition including public demonstrations and industrial strikes.

• May 1978, 98.29 per cent approval to curtail parties outside the system, effectively the Wardists, Nasserites and Communists. (In June the neo-Wafdists dissolved themselves.)

April 1979 two: the first gave 99.95 per cent approval of the peace treaty with Israel; and the second gave 99.90 per cent approval for the dissolution of Parliament.

Artificial

In many ways the circumstances of this year's elections were artificial. On the basis of the argument that because the people had spoken in support of the peace treaty through the referendum, this topic was not allowed during canvassing. In addition, discussion of issues affecting social harmony (a move against the Right-wing Moslem Brethren) or national unity (here the target was the Communists) was banned. Through inspired bureaucratic delays, such parties as the National (pro-Islamic and anti-Sadat), and the International Progressives (independent) were unable to register on time. In many areas, the canvassing was followed with passionate interest, but there is little doubt that ballots were rigged, and that potentially troublesome but widely popular candidates mysteriously failed to be

But President Sadat had his way. Of the 382 contested seats his National Democratic Party (NDP), won 302, the faithful apposition Socialist Labour Party (SLP) led by Mr. Ibrahim Shukri a former Agriculture Minister, 29. and the Socialist Liberals on the right three. To protect minority interests, particularly those of the Copts, 10 additional members appointed, and the election of to his position, and which at 30 women, the highest number best will offer friendly ever (and all but two NDP supporters) was assured. (The old Nasserite balance of 50 per In el-Sha'ab of June 19. Mr.

historic stage of our country." was the total elimination of the left-wing Unionist Progressive Party (UPP), led by Mr. Khaled Mohieddin, a former "Free Officer" with Nasser. He and the only other UPP member parliament lost their seats and all 29 other candidates were defeated. What has emerged is a parliament with occasional lively debates, but largely submissive, through the predominant NDP, to President

Sadat's wishes. It is characteristic of the President that he should have gone for overkill in holding the first "free," multi-party elec-tions. It is incongruous, first, because as a result of the peace treaty with Israel and the possi-

bilities of some economic presal-Azhar mosque, the newspapers, the provinces and the Suez Canal

Thus it would seem that there might have been leeway to permit even a 5 per cent expression of criticism of the treaty, which was, after all, a highly controversial measure. In acting thus, President Sadat had several motives. First, he wanted to ensure that he obtained a firm mandate while the euphoria of peace was still particular. strong and before domestic economic problems accumb lated. Thus the election was held two years before it was legally required. Second, he was anxious to show the international community that Egypt was the most democratic state in the Arab world, and that it therefore merited Western and

more sophisticated terms than of the majority. In addition, in before, is as little representa- as much as it is possible in tive as previous efforts. There gauge the feelings of the armed

whelming number and not by Brethren, with its own mouththose members said to repre- piece the weekly al-Da'wa ("the the country as a whole and in sent (that party). Similarly, the call") whose circulation is at spite of the fact that one ser other parties and independents least 50,000. Sadat's own tion, the air force, has been were going to represent the personal piety has certainly disappointed at the failure of wing the sall many but not the personal piety has certainly disappointed at the failure of the sall many but not the sall many sal minority, by all means, but not given them the impression, this meagre minority." He strengthened undoubtedly by went on to criticise the role of persistent moves to clamp down the regional governors and an the left, that they hold a their intervention on behalf of favoured position beyond the NDP candidates, and com- one they have had in Egyptian plained that the SLP would society for decades. This has under normal circumstances led to a number of anti-Coptic have won more seats, but that incidents this year. The Moslem this "will not prevent us play Brethren, who have a dominant ing our role fully in this following in the universities, historic stage of any on the same and t istoric stage of our country. have been given a further boost. The most significant result by the Islamic-led overthrow of the the total elimination of the time Shah of Iran. By virtue of

their Islamic nature they favour pan-Arabism, and are therefore hostile towards policies which have led to Egypt's isolation in the Arab world and the apparent abandonment of East Jerusalem to Israeli occupation. Finally, Islamic values provide in their fundamentalist form a cushion for ordinary people against the stresses of a rundown economy, over which the Government in popular terms has appeared to have little, if

Sovereignty

any, control.

The second force is represented by those nationalists concerned with the infringement of Egypt's sovereignty caused by perity, he is genuinely and Egypt's sovereignty caused by widely popular. Second, with the treaty. Within Parliament loyalty as a prerequisite, his and hefore its dissolution they supporters run most of the main were personified by such men institutions in Egypt—the as Mr. Mumtaz Nassar who armed forces, the universities, argued this case on strictly legal grounds. In broader terms, such a trend reflected the views of middle-of-the-road opposition, who doubted the extent of the benefits which would accrue to Egypt and the Arab world, as a whole, from the treaty. Third, there was the Left, largely represented by the UPP, but bringing with them Nasserites, Marxists and those religious elements critical of Sadat's policies generally, and the treaty in

What is likely to be the result of the lack of parallelism be-tween official political parties and these more spontaneous. trends? There is always the risk that they will be driven underground, as Mr. Khaled and sometimes inspired way of samply ments. Mohieddin claims is Sadar's in-tackling problems - whether explai in lower tention. But at this stage, opposition - although in Moslem in perticular, the outright sup- Brethren terms sometimes. Those who do not make themport of the U.S. Third, the deeply felt and emotional and selves out clearly in the end to or the U.S. Third, the deeply felt and emotional and selves out clearly in the end to elections were symptomatic of in others, logically based and be with him are judged to be a genuine liberal streak which with such outlets as the UPP foes. And President Sadat's inallows of a certain measured area of free expression.

The fact is that this third stage of Sadat's political experiment, although presented in does not represent the feetings massives to consolidate his host.

LAST MONTH, the Government all with overwhelming results hasten to admit that the great are perhaps three most clearly forces, Sadat appears to have of President Anwar Sadat held in favour of measures promajority was going to be for identifiable trends in Egypt at their crucial support. This is dections billed as the freest posed:

The first is the Moslem because the army is probably a reflection of feelings in broad reflection of feelings in the country as a whole and in spite of the fact that one secsome promised arms deliveries.

President Sadat, seen in the context of other previous rulers of Egypt, shares with them the trait of being basically unwilling to share power. But the new element he has introduced has been to involve the village and its values as the source of political inspiration. His predecessors tended to start from the more political urban centres and move out to the countriside. This theme of rural values runs parallel with his presentation of himself not so much as a ruler of the country, but rather Father of the Egyptian Family.

A critical difference between

Sadar and Nasser is that muk-habarat—the internal intelligence services—although still active are not so spenly perva-sive and oppressive. The Sadat approach is to put a gradually stiffing blanket over potential opposition. This exercise has now been completed with Par-liament. Attention is now being paid to bring the Press legally into line officially codified as the fourth estate." Over the years, its most opinionated and often critical writers have been eased out (although in many cases they still remain on the payroll of al-Ahram). As a result the Press has become so anodyne as to be hardly worth more than cursory perusal. This is to be carried further by an which will transfer ownership of the Press from the ASU (which will finally be laid to rest) to a Higher Press Council. This, if is feared, will bring newspapers ultimately under closer Government control. In addition, it is being proposed that a higher house of parliament—Maglis al-Shoura. ("the consultative council")—should be introduced al-Akhhar on July 15 said that this will comprise 150 members, of whom 88 months has armounted. would be appointed.

AND AND THE

Wall surplies 13.

BAI

The Sadat approach to domestic politics is in the sud a re- late (3-4) ...
flection of his often samplistic an indexs relations with Israel, the U.S. or the Soviet Union or the economy. tion allead of time.

Anthony McDermott

CONTINUED FROM PREVIOUS PAGE

rising and highly inflationary western capital, offered a real to Egyptian sovereignty in bout budget deficit, and Western opportunity to develop a manuthree years time. banks appear to have become facturing base. They cite the The aim of President Salat is more hesitant in assisting Egypt all-pervading bureaucracy, the thus probably to do nothing to for fear of offending more affluent Arab customers.

Meanwhile, the vast gulf between what Mr. Sadat promises the people and what is being told to the industrialised nations is the clearest example of his political dilemma. Striding magnificently across the world stage as first "the hero of the crossing" (October 1973) and then as "the hero of peace" Mr. Sadat was able with Arab and U.S. assistance to disguse his admitted lask of interest in admitted lack of interest in economic matters and avoid making politically difficult deci-sions. Only once, in January 1977, did he briefly attempt to grasp the budgetary nettle by cutting subsidies on some essen-tial commodities. On that occasion he was so badly stung by two days of bloody rioting that he is obviously reluctant to try again.

Impractical

Since then the official view has been that policies advocated by the IMF are theoretically possible but politically impractical. Some small efforts have been made to increase Government revenue and to control public spending, but their impact has been minimal when set alongside a population that is growing by over a million every year. Despite all the official pronouncements about making the desert bloom, making the desert bloom, Egypt's cultivatable land area is scareclely increasing, while amed with sub-machine guns. Only perhaps in the rather and more modern technology cannot be expected to produce anything more than a fraction of the extra food needed each year. There is simultaneously where the official machinery a steady drift from the country dured the "Government of side to the main urban centres." Peace that had been expected in face being just another; which is imposing an ever more massive burden on the crummanssive burden on the crummansive burden on the crummansite burden on the crummansite and perhaps radical policies.

Domestic critics of Mr. Sadat hunder in the minor Cabinet in the finance of the paramansite and perhaps radical policies.

Domestic critics of Mr. Sadat hunder in the minor cabinet in the finance of the paramansite and perhaps radical policies.

Domestic critics of Mr. Sadat hunder in the minor cabinet in the finance of the team nesotiation of the paramansite proportion of the team nesotiation of the paramansite proportion of the proportion of the paramansite proportion of the paraman

majority political party under and some acutely applied present sure from the sil producer can multi-party general election push the Israelis into coced—held two years before it was ing something for the Partindue — were supposed to give in the control of the parting the control of the cont the country that extra impetus sented as putting them of the it needed to meet the challenge road to autonomy, then he by of the 1980s. Yet the new Parously hopes that a rapprihe-liament looks much like the old ment can be effected with additional to the country that extra impetus sented as putting them of the road to autonomy, then he by the liament looks much like the old ment can be effected with additional to the country that extra impetus sented as putting them of the road to autonomy, then he by the liament looks much like the old ment can be effected with additional to the looks and the looks are considered as putting them of the looks are considered. one, and while Egypt may fairly Arabia and the other more indicated the control of all Arab nations, there was nothing much in the elec-

from the Left-wing unionist is quick to point out to Progressive Party as it does to West, should more sizeable the tetally assured victory of fields be discovered in the West, Sadat's National Democratic ern desert or the gulf of S Party, it might be assumed that the supplies would be gust the slatter was a supplied to the supplies would be gust to the supplies would be gust to a state of the supplies. the election was as much about feed: who was defeated as to who in this overall aim he isf
was elected. Only one MP Mr. course banking heavily ones.
Numtax Nassar, who had voted assessment of the Egypt in Parliament against the peace treaty survived the election. His votes were counted under the watchful eye of his supporters.

all-pervading bureaucracy, the thus probably to do nothing to unchecked competition between ministries, the lack of a consistent decision-making process that accrues to a man with has and the insidious and wides first proved that the braeli spread practice of having to Army is not invincible, seond, smooth difficulties with off-the record payments, as the main contributing factors to Egypt's occupied Egyptian tentory apparent inability to grasp the with military honour. If the opportunities offered with first proved that the gemy and third will have regainful all occupied Egyptian tentory apparent inability to grasp the with military honour. If the formation of a new aid of the Western couries majority political party under

Meanwhile he can offer self and his still very pow was nothing much in the elections to suggest they had been modelled on democracy as it is main bulwark against the spad of Communism and, especily then the Egyptian Press gives almost as much promismence to the defeat of the only two members of Parliament force in the region. And, all from the Leftwing unionist is quick to point out to be Progressive Party as it does to Progressive Party as it does to fields be discovered in the With

people long saffering, fat tic, mainly smiling use tolerant and above all cyr when it comes to their lead



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Prelim 1977

1,490.0 1,001.0 324.0

86.0 274.0

1,176.0

315.3

144.0

22.0 1,188.0 5,705.0

1976

- 2.951.0

918.0

220.0 78.0

244.0

1,074.0

137.8

136.0

22.0

Proj. 1978

3,398.0

1,561.0 1,083.0

378.0

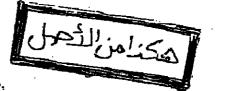
1,395.0

373.0 172.0

1,424.0

149.0

6,217.9



Commodity sectors

Transportation, communication and storage...

Suez Canal

Trade and finance

Public utilities

Other services

to be commodity aid to ensure

A more recent World Bank

assessment of the foreign

exchange shortfall puts the

"worst" case impact in 1980 at \$2.9bn and the "more likely"

case at \$755m (without taking

On the domestic side the pic-

taken on a controversial politica

and economic life of their own.

hand that when on the advice of

the IMF in 1976 they were

reduced on basic commodities.

notably bread, they resulted in

massive countrywide riots at the

begining of 1977 which scar the

memories of the administration

Egypt has shown increasing

to this day.

This has meant on the one

maximum disbursement.

The economy

Scepticism remains

EGYPTIANS ARE on the whole It is the domestic economy Tokyo participants entitled looking at the main pillars of helicopters and their engines too cynical about the promises with all its traditional problems "Statement of policy and Egypt's economy to see how seem doubtful. of their rulers to assume that -an immediate economic prosperity growth rate, lack of co-operation assistance."
will follow the signing of a between economic ministries, What em peace treaty with Israel. There an inefficient public sector, have been too many years of inflation, falling agricultural hard grind with few of the basic production and uncontrolled day to day problems crowded budget deficit, and swollen housing and streets, rising food cities—which is being miscosts and overstretched public handled most. services—being solved.

to experience President Nasser's The new factor is the Arab boy-centrally run economy and, cott first set up in principle at since 1974. President Sadats the Baghdad summit of "open door" policy with its November last year and then amphasis on encouraging the put into practice at the second private sector and foreign summit at the end of March. investment. So it does not come The old factors have always according for months of the put into practice at the second private. easily for people to believe that been around. an end to their perpetual distress is round the corner.

doubt that expectations have tends to over-politicise most been aroused. Further, if the major economic exercises. The peace treaty holds, the Govern- June Tokyo summit was a case ment will no longer have the in point. After the peace treaty partle" as an excuse for not some justification that Egypt tackling domestic problems. For deserved a financial reward, it is clear that unless the Arab particularly as he was being howcost. bites harder, the threatened by an Arab boycott. Egyptian Government broadly has the external part of its the Ministry of Economy and economy within manageable Economic Co-operation on a bounds.

1 Visibles

Exports

2 Invisibles

Transfers

1.2

imports -----

Receipts

Payments

Balance

3 Balance (1+2)

Balance (3+4)

Debt repayments

Net capital inflows ...

7 Overall surplus (5+6)

5 Capital inflows

Trade balance ...

BALANCE OF PAYMENTS

(US\$m)

Actual

(1)

-5,283.5

-3,299.5

-1,420.4

2,025.3

345.1

929.1

1 333.2

1,053.1

124.0

Source: Ministry of Economy and Economic Co-operation

-1,274.2

Egypt's economy is at present Over the years, they have had under pressure from two sides.

One of the major problems is that Mr. Sadat is not deeply Nevertheless, there is no interested in the economy, and "everything for the with Israel, Mr. Sadat felt with So in the spring work began in paper to be presented to the

Projection

-6,700.0

-4,360.0

4,275.0

2,675.0

-- 1,625.0

-1,575.0

50.0

-1,600.0

1979

Adjusted

projection

(3)

2.200.0

2,700.9

1,100.0

--3,200.0

5,375.0

50.0

-1,600,0

-6.500.0

enormous population requirements for external

slapdash document which ministers apologetically now call a working paper, full of incon-sistent statistics and doubtful economic conclusions. It was presumptuous, too, of Egypt to assume that the summit would have time to discuss its plight. In the end, President Carter raised the matter bilaterally with individual Heads of State.

Startling Most of its conclusions were startling. They were, first, that as a result of the boycott imports from Arab countries would fall by 3 per cent and exports by 12 per cent. • That half the \$2bn deposits

with the central bank mainly from Saudi Arabia and Kuwait had been recalled. That remittances from Egyptian workers abroad worth \$1.7bn in 1978 and tourist

receipts would be reduced by That the investment potential of the Arab Organisation for Industrialisation (AOI) of

\$1.5bn had been lost because of its dissolution. As a result of the halt of Arab aid since January and the withdrawal of deposits, taken with other factors, the overall deficit of the balance of payments would rise from a projection for 1979 of \$1.9bn to

\$5.4bn. And that for the 1979 to 1983 plan (significantly now called a "rolling plan" to indicate that it now merely operates on a year-to-year basis) Egypt's foreign exchange requirements would total an enormous

With belated accuracy the the effects of the boycott-subject first to two particular vari- Investment disputes. rate and the other the extent to Motors for the production of the shortfall in foreign capital which the Arabs will take the Jeeps and with British Aero- inflows over the next three boycott further and do serious damage to the economy-is that tank missile are well advanced. the balance of payments deficit but agreements said to be has probably been overstated by worth \$800m with Westland -a multiple of two.

they are being affected:

1-The Suez Canal is unlikely What emerged was, frankly, a to be affected unless the Arabs in extremis decided to boycott it-its earnings this year are likely to reach \$550m.

2-Tourism has been affected by a decline in the number of Arab tourists (a phenomenon which had started before the be down slightly to \$750m.

3-The Baghdad summit specifically ruled out action against Egyptian workers, but it is expected so far that remittances will be down only slightly on 1978's figure of \$1.7bn. However, any large reduction-for example, the imposition by host countries of a tax on remittances-would be a serious

blow. 4-Oil income is expected to be slightly up and to reach in net terms about \$0.85bn.

5—Aid and investment. Private Arab investment is hard to quantify and is so far unlikely to have affected projects already in existence; however the urban housing and tourism sectors could be affected. Since 1975 total Arab aid has been about \$7.5bn of which \$6.4bn has been dispersed, giving a rough annual disbursement of \$1.6bn a year. New bilateral assistance is unlikely.

However, the major blow has been the dissolution of the AOI set up in 1975 with capital \$1.04bn and subsequent investments of \$1.5bn. The capital was shared between Egypt, Saudi Arabia, the UAE and Qatar for the development of an arms industry. It was a model of pan-Arab co-operation married to Western technology.

Egypt has vowed to continue it as an Egyptian enterprise and document is now acknowledged has tried to get the World Bank to be no more than "a worst to act as an arbitrator with the case situation." The reality of Washington-based International Washington-based International Centre for the Settlement of

Contracts with American space for the Swingfire antiand Rolls-Royce for the manu-Nevertheless, is it worth facture and assembly of Lynx ments which would largely have

the Sauci and Kuwaiti deposits differ but under the terms of agreement reached in 1977 all parties agreed that the deposits would be rolled over and not withdrawn. In January when one Kuwaiti instalment fell Egypt asked for it to be rolled- over and has assumed that no reply meant assent. In any case the fact remains that these deposits have been spent and were they called Egypt would have considerable difficulties in replacing them.

down. 8-Aid. It is here that the greatest controversy exists. Egypt's demand for \$18.5bn is narticularly ambitious as it is reckoned that the economy is unlikely to be able to absorb between 1979 and 1983 more than \$12bn. This would depend ultimately on the rate of growth of the economy and the balance between commodity imports and the absorption of project aid.

The net effect of this estimate is that Egypt's balance of payments is likely to deteriorate but not nearly to the extent to which the Economy Ministry has forecast. At present it is reckoned that the deficit will reach between \$1.5bn and \$2bn this year and remain at \$2bn for 1980 and 1981.

In direct relation to this the World Bank made a study in the spring-admittedly before the Arab boycott had gathered strength—in which it estimated years at \$260m in 1979, \$550m in 1980 and \$660m in 1981. These are not in themselves unmanageable and could probably be met by new aid commit-

Industry and mining Electricity Construction

Distribution sectors 6-Deposits. The terms of Service sector GDP at factor cost .

7-Trade. This is likely in Arab-terms to affect only foodstuffs and manufactured consumer items but would have a long-term effect only if markets were lost. But investment in and growth of exports from the country's four free zones which were established on the premise of easy access to Middle were East markets might be slowed

into account the effects of any compensating actions such as increased aid from non-Arab that Mr. Sadat in the end stands or falls. The link between the external and internal economies of Egypt lies in the sensitive question of subsidies. These were mainly set up by Nasser with plausible social objectives in mind but have subsequently

Deficit

inability to control the expansion of these subsidies—both the direct ones (for example, on bread) and the indirect (for example, a flat rate for provin-cial students' board when studying in Cairo). Together these two forms of subsidy coincide almost exactly with the budge

tary deficit. Direct subsidies have risen from E£1.023m in 1978 (£1= E£1.56) to E£1,117.3m in 1979's

Source: Ministry of Planning. diture of E£12.93bn. But the Egyptian pound by moving it IMF and the Government are from the omicial to the more now quarrelling whether these realistic parallel rate against subsidies will not now be

stuffs take ££884.6m. But in spite of the opposition of the DMF which has apparently given up the unequal struggle ture is gloomier, for it is here for this year although it will be deeply involved in the autumn in the formulation of the 1980 budget, Ministers des- little room for manoeuvre, un pair of being able to reduce less the subsidies are slashed

between E£2.5bn and E£2.9bn—

GROSS DOMESTIC PRODUCT AT CONSTANT PRICES BY SECTOR, 1975-78

(E£m at 1975 prices)

1975

2,753.8

1,468.5

849.5

149.0

882.4

1,142.6

19.0

economics to conduct the exer- able. cise. So far according to one senior Minister, he has completed six volumes tracing the economy.

But according to other sources volume 7, which is supposed to contain all the solutions, is likely to be little more than a characteristic submission by all the Ministries deepest affected by subsidies as to how they see their priorities. Little overall guidance is likely to be given. It must be said though that

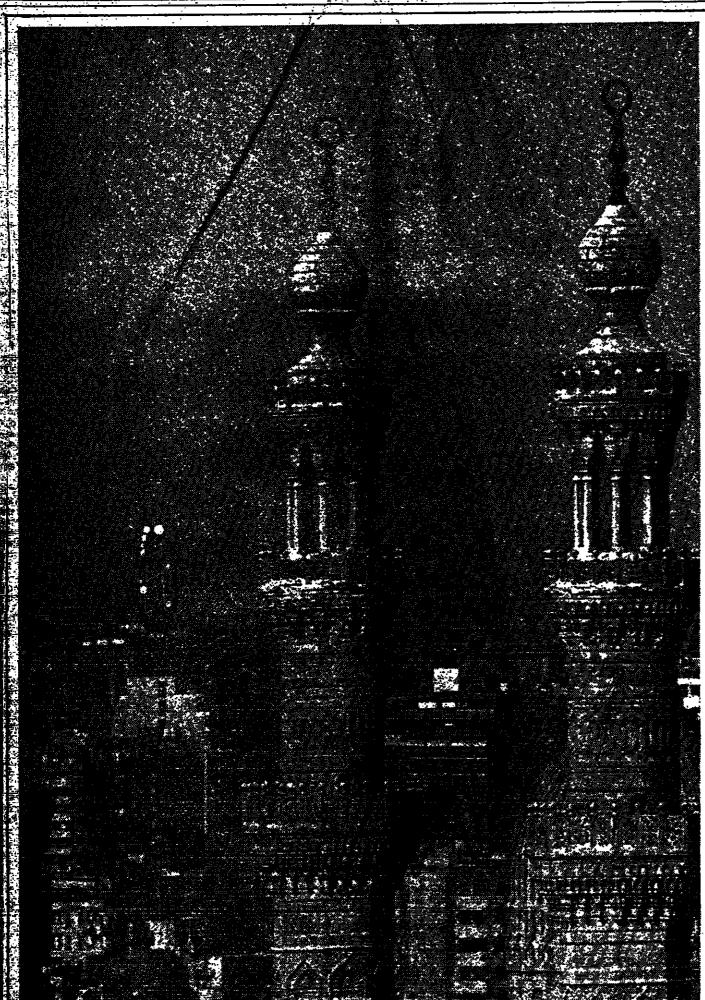
Egypt has carried out from the beginning of this year one of the IMF's conditions by unifybudget which had a total expen- ing the exchange rate of the

realistic parallel rate against the dollar. This may have one E£1,230m, the Egyptian esti-immediate effect of making stamate, or E£1,550m—the IMF's— tistical calculations less confus resulting in a total deficit of ing now, although it has had some contributory effect on the way above the celling set by the rate of inflation which is currently. Of these subsidies foodat about 25 per cent. It has also led to about \$1.5bn of hard currency moving out of the Central Bank's control on to the black

market In the end, any Egyptian Minister or economist has very these subsidies next year and brutally, and the political back-talk merely of "rationalising" lash from such an action would be such that the regime might Meanwhile, Egypt has said it be brought down. For in the would conduct a major examina- structure of the budget on the tion of the question of subsi- expenditure side, administradies and has entrusted Mr. Abra-tion defence and investment him Hilmi Abdel-Rahman a not only take up almost all prime ministerial adviser on funds but are largely unalter-

On the income side besides the question of inflow from abroad and local financing history of subsidies and calcu- little improvement can be made lating their effects on Egypt's as yet in raising revenue, particularly until tax collecting is tightened. So that with little change a fall in expectations and under the impact of the open door policy which has brought about an unprecedented and visible growth in the unevenness of income distribution the home base on which Mr. Sadat's dramatic policy could foreign disrupted.

Anthony McDermott



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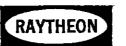
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FOREIGN policy under President Anwar Sadat can be roughly divided into six closely interlinked categories; peace with Israel; the return of Egyptian and other Arab land occupied by Israel including East Jerusalem: a just solution to the Palestinian issue; continued "leadership" of the Arab world; close relations with the West; and the prevention of further Soviet and Communist influence in the Middle East

and Africa. In the President's mind none of these objectives are mutually exclusive and despite recent policy setbacks, he clearly believes that it is only a matter of time before Egypt reassumes its rightful position in the Arab world, having also achieved the return of Sinai and set the Palestinians on the road to autonomy. As Mr. Sadat regu-larly reminds his Egyptian audience, "there can be no peace without Egypt and there cannot be war without Egypt." An equally popular comment heard among Egyptians—that the Arabs have always been willing to fight to the last Egyptian—is another reflection of the main shift in emphasis between President Sadat and late President Gamal Nasser. Instead of Nasser's pan-Arabism there is now Mr. Sadat's attitude of "Egypt first," a mood that he has increasingly encouraged as the rest of the Arab world turned against his peace over-As one of Mr. Sadat's former

aides points out, one should not

but try to discern his ultimate objectives. It can be argued that relatively early in his presidency, Mr. Sadat decided that, for his country's economic welfare, peace had to achieved with Israel, and the October 1973 war was fought with that in mind. Since then all Mr. Sadat's actions have been consistent with that aim. even if their timing has been strongly influenced by other

However, in the years since oil was \$3 a barrel political weight in the Middle East has become more evenly dispersed, and countries over which President Nasser could exercise his charismatic power are far less amenable to the blandishments of Mr. Sadat. Egypt, from having been the country which gave birth to Arab nationalism and right to expect significant finanfriends who were made im-measurably richer by the con-flict, but even before the peace treaty with Israel there were clear signs that Egypt's main benefactors were becoming restless with the apparently bottomless well into which they were pouring their funds.

Switch

This coincided with Mr. Sadat's more determined switch to close alliance with the United States, which he saw as the one country which had the wealth, arms and technology to lift Egypt out of its downward slide. While President Naser had not been fiercely anti-American and liked to see the super powers Enypt, the fact that after the 1973 war Egypt no longer needed, according to President Sadat, quite the same military from East to West easier to achieve. Perhaps as relevant is Mr. Sadat's own strong personal feeling that is echoed in other Arab countries which ironically, because of the Egyptian-Israeli

Camp David accords which laid remains president. the framework for the sub- This, however, presumes sequent peace treaty fell far consistency of policy which is short of Arab demands, and, not one of the hallmarks of the more than that, the rest of the Arab world. Should Israel Arab world was not going to sit prove intolerably obstinate over Arab world was not going to an prove making any concessions on attacking Egypt would be idly by while Egypt followed a making any concessions on attacking Egypt would be idly by which could affect in Palestinian autonomy, Mr. Sadat through change in Khartsum policy, which could affect in Palestinian autonomy have the Egypt and Sudan street friendly countries.

and Egypt had selected for him. 1980, Israel will have withdrawn. Now with 18 Arab states and from two thirds of the peninthe Palestinians having broken sula, but it is important for Mr. relations with Egypt, and the Sadat to be able to show the Cairo Government having been rest of the Arab world that he expelled or suspended from has recovered all Egyptian termest Arab organisations, the ritory, and it is equally important League headquarters, ant for his personal standing at whose military weight was a having been moved from Cairo home. wish military weight was a laving been invest from Carlo Until that happens Mr. Sadat's cast in the role of supplicant. cott having been imposed, those room for manoeuvre in the Arab. In the first years after the 1973 voices within the Egyptian world appears heavily circumwar Egypt probably had the Fereign Ministry that forecast scribed, although he may a rupture with the rest of the hope that internal tensions. Arab world are being proved among his most vigorous correct. And Mr. Sadat, having opponents, such as Syriz and lost two Foreign Ministers Iraq, could both divert their along the path to the peace attention away from Egypt and treaty, has not opted for a third emphasise to the other more but given the portfolio to Dr. moderate countries that Egypt Mustapha Khalil, the Prime remains their most assured and Minister.

Egyptian officials claim that the economic place in the next few months problems. in Cairo. Some Egyptian officials believe the moment that happens the great majority dislike of the Soviet Union, a of Arab countries will be miable to contemplate resuming diplomatic relations with Cairo, unless of course Israel withtreaty have become yet more draws from all Arab territory,

listen to the President's words Carter and Mr. Sadat that the least so long as Mr. Sadat

ternal stability in other hitherto could presumably have the friendly countries.

Option of declaring the peace of the first process null and void, although was needed King Hussein of it is widely assumed that he Jordan—that most accurate of would only consider this once all Middle Eastern weather he has recovered all of Sinaivanes—came out strongly and that will not happen under against Camp David and refused the terms of the treaty for anto accept the role that the U.S. other three years. Early in and Egypt had selected for him. 1980, Israel will have withdrawn

steadfast ally in the region. In their persistent search for Mr. Sadat is also keeping a an easing of Arab attitudes, close eye on the Librar border close eye on the Libran border near which he has two army last Arab League meeting in divisions stationed, ready if Robert Strauss. President Tunis saw a more sympathetic necessary to teach the "mad Carter's special envoy to the Saudi Arabian attitude towards Libyan boy"—as he describes Middle East, has the reputational Egypt. Efforts by the "rejec Col. Moanmar Gaddafy—a tion of being an impressive Egypt. Efforts by the "rejec Col. Moanmar Gaddafy—a tionist" states to discuss sharp lesson. According to the further measures against Egypt Libyans and other Arabs it is were forestalled, although that, they who have to be on the alert may also have been due to for an unprovoked Egyptian. Saudi advice that the boycott attack across the border, a move. was already doing its work, as they say that would be under. Sinal, will be ever more witnessed by the latest gloomy taken with Israel protection on adamant that it will not open prognostications the eastern flank and as a means coming out of Cairo. Whatever of diverting Egyptians' attencooling of tempers may take tion from their domestic

there is no doubt that the fires. However, part of Egyptian. Western Europe and Japan will be stoked again early next reasoning is that by keeping a meanwhile may have their year when the first Israeli large number of Libyan troops doubts about Mr. Carter's ambassador takes up residence tied down near the border, Col. policies, are looking anxiously. Gaddafy will have fewer men available for adventures in Africa, an area over which Mr. posed to Somalia and possibly China, which ever anxious to to Sudan, are never far from tread on Russian toes is supplydependent on Moscow.

The Arab summit meeting in allows the Palestinians full his reasons for building up a F6 and F9 fighter aircraft and summon have received in part payment which Sandi Arabia declined to play its more normal moderating role, should have provided evidence for President Jimmy have to be abandoned for at vention, in support of friendly reasons for building up a F6 and F9 fighter aircraft and summon autonomy. If their assessment sizeable force of troops train have received in part payment sport aircraft is at least to one af Egypt's Soviet built MIG-suggest the possibility of 23 fighters.

Roger Wattliews

Mr. Sadat would view with particular alarm any change of some evidence that Italy in par-ticular has considered that one of the most effective ways of attacking Egypt would be Egypt and Sudan are supposed to be moving towards a form of union although President Numery has not 18 Arab countries that have broken relations with Egypt this would countete the physi-cal isolation of Egypt

Consistent

Financial Times Monday July 30 1979

noticy has therefore to be the U.S., which alone at the moment can provide Egypt with the substantial economic and that it needs plus military hardware to keep the senior officers, happy, and most insportant of all the potential for impressing on Israel the need to implement by IIN resolutions 242 and 338 Unfor-Mr. Carter's domestic popularity has fallen to below that of tion of being an impressive negotiator, but it must be doubtful whether those talents alone to the region and the fact that Israel, having agreed to leave the door one inch to anything that looks as if it might one day turn into a Palestinian

towards securing their oil supplies and must be wary of becoming too closely identified z Sadat also wishes to exercise with President Sadat. The one some influence. The Soviet new friend that Mr. Sadat does in

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Few good projects

PRESIDENT SADAT'S skill at agreements for power installa-raising foreign aid must be tions both agencies require the reckoned one of his outstandexternal finance, first from the Arabs and now from the democracies, counter, a succession of ever increasing trade deficits.

Mr. Sadat has much criticism Of late, encountered from many quarters for provok-ing the cut-off of Arab funds to Egypt. But, from another per-spective, his coming to terms that strengthened his claim on massive long-term development assistance from the U.S. Agency for International Development (USAID), the World Bank and other institutions. For the Arabs lacked the technical capability and perhaps the political inclina-tion to make the type of contribution to Egyptian economic growth that Mr. Sadat hopes to

btain from the West. With a \$1bn allocation for fiscal 1979, the U.S. is running the largest and most far-reaching aid programme in Egypt, It contributes half the country's regular annual inflow of aid. USAID's activities involve almost every sector of the Egyptian economy except the military. The 1979 budget breaks down as follows: \$250m food aid, \$250m concessional financing for Egyptian imports of U.S. products, and \$500m proect and technical assistance.

The U.S. is spending heavily on Egyptian industry and infra-structure. The U.S. Egyptian project pipeline will approach \$1.5bn by the end of this year.

The World Bank Areas of concentration include other water, sewage, telecommunications, power, grain storage, USAID ports and cement production, bank pl As USAID funds are tied to purchase of U.S. goods and serices, these projects benefit American equipment makers, designers and engineers as well as Egypt. USAID-Egypt em-ploys an estimated 500 American consultants in Egypt.

The U.S. tries to do more than just pump money into Egypt. It is making a serious effort to encourage rationalisation of the Egyptian economy and develop-ment of its institutions. USAID often works closely with the World Bank toward this end. For example, in their loan

Egyptian Electrical Authority ing qualities. Throughout his to raise the current heavily-sub-term in office the President sidised utility rates to a point has succeeded in finding the where the newly-installed plant stands a chance of financing its own maintenance and replacement. In another economic reform measure, USAID insists that U.S. funds turned over to the Egyptian Government be re-lent to industry at near commercial interest rates.

Strides

USAID is also making strides in the field of investment banking for the private sector. Before USAID's involvement almost no medium term bank funds for private companies existed in Egypt. USAID has spent \$32m on capitalisation and technical assistance for the Development Industrial Bank. Mr. Donald S. Brown, the USAID-Egypt director, hopes the bank will become "a major conduit for resource flows" to private companies. Mr. Brown also envisages a 25m "private sector encouragement fund" to be channelled through private banks. In an interview Mr. Brown said that he aimed, "for some useful impact on stimulating private investment. interest is impact on small- and medium-sized Egyptian ventures . . . our fund would help

share the risks."
USAID is also innovating in the housing finance field. A planned new town in the desert near the industrial city of Helwan will offer factory wor-kers "the first low-cost mort-

The World Bank is the only development operating with anything like USAID's scope in Egypt. The bank plans to raise its funding level to \$270m in 1979. One of its largest commitments will be a \$65m loan for a \$130m liquefied petroleum gas plan at Ras Shuquair on the Gulf of Suez. The bank also plans to provide at least \$85m financing for a \$475m power plant in the north Cairo district of Shubra el Kheima. USAID will spend \$100m on the Shubra

Kheima generator. The bank has played the lead role in Egyptian agricultural development. Its Egyptian tile drainage programme is the world's largest. In contrast USAID's Egyptian agriculture has so far been modest. But this year the agency plans to commit \$100m President Sadat's cherished goal of increasing food production. Stress will go on rural credit programmes, co-operatives and mechanisation. Director Brown anticipates that USAID will enter the land reclamation field in 1980.

In one of its most important functions, the World Bank has on occasion drawn attention to the commercial viability of Egyptian projects and thus helped to attract other lenders. The bank played this type of role in raising funds for the \$595m first stage of the Suez Canal deepening and widening scheme. After the bank scheme. After the paux indicated its approval with a \$100m loan at 81 per cent, the Suez Canal Authority was easily able to obtain the remaining

circulated to participans in the Tokso summit seking \$18.5bn external finencing between 1979 and 1981 the Egyptian Government is dissatisfied with the \$300m award it obtained from Predent Carter for concluding cace with Israel But most eperts think that the \$20n in all that Egypt now receives an ally approaches the maximum can

absorb efficiently. One major source of Intration to potential donors the Egyptian Government's inEgyptian Government's inability to produce suffent
feasible project proposals he
West Germans in partial,
view inemselves in direct inpetition with USAID for he
privilege of funding a te
number of good projectar he number of good projects. problem is that one or overworked officials admin the typical Western Euro aid programme. In con USAID's staff of about 100

As is implied by the letter do most of the Egyp CONTINUED ON NEXT PAGE



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124 TO 30 M

Impossible targets

A GOOD way to gauge ho faring is to drive from Cairo to -Alexandria on the desert road. A year ago, the new industrial tate of Al-Ameriyah behind Alexandria, was - scrubland: - Today it is dotted with enclosures where companies have bought land. But apart from a spanking new carpet factors, there are few signs of construction behind the next brick walls. This vividly illustrates the remarks take of play : everyone staking out their ground, jost-ling to obtain their licences — but waiting. The latest General Authority for Arab and Foreign Investment (GAAFI) brochure felis a slightly different story. At the end of last year, the authority had sanctioned Ef4.3bn (£2.76bn) worth of-in-

As the projects are lumped fingether in categories there is o way of checking. But some statistics from the other side of The fence make salutory read-ing. Total private U.S. invest-ment in Egypt to date is a meagre \$16m. and the figures from other Western countries make hardly more encouraging reading. The bulk of the private foreign money to find its way into Egyot has been Arab oney, and the major part of Western capital involvement is mforgh management joint ven-

and another 56 per cent are under construction.

The Open Door Policy is thus still a long way short of achieving its principle aim of marry-ing Western expertise with Arab cash to produce jobs in operated joint ventures in Egypt sufficient numbers for Egypt's from the early 1960s right growing population.

Implementation of the policy lies suffered from two major an offshore venture to manufac-handicaps: first its subser- ture drugs.

Nigrica to the foreign policy and The development of industrial political requirement; second, initial misconceptions that produced this unrealistic remainder ben the initial contacts of too many investors cotential Egyptian life.

てた金属

Unfortunate

This is doubly unfortunate because it disguises important griss roots changes of far grater long-term significance.

For example, in place of the bit prestige projects, which wee to have formed the backte of the private sector deelopment, there has been a smilt-scale ventures, financed by efter private Egyptian or Arab captal. The joint venture banks las played a role in financing time projects. A good example The Cairo Beverages Company with bottles "Seven Up" under Higges It recently raised money on the domestic market to

estable production.

Station fee foreign exchange station eased about a year ago result of the large inflows workers remittances the restriction for the workers remittances the remittance the remittances dially produced raw materials. in souple of aluminum extru-int paint ventures were set up intent the aluminium smelted at the Nag Hammadi complex in Par Egypt Exceptions to this rule were thanking and financial ser-tes sector—about 70° banks footple of aluminium extru-

sets sector—about 70 banks set some presence in Cairo— the hotel construction, which the main impetus and a construction boom. ere are currently over 8,000 ar and five star hotel rooms Fuilt in Cairo involving a i investment of nearly The Gulf and Saudi

this is providing the bulk the finance for these hotel in the person of the finance for these hotel in the first through Arab offshore banks operating assembly plant and build an say debacles—at least in the arm. The hotel construction engine factory, halled 18 months form of the Pyramids Oasis real seiro. The hotel construction

Through Through Thirt

Contract Contraction

ANNUAL INVESTMENTS THROUGH THE FIVE YEAR PLAN 1979-1983

Year	 	_	Public		_	vate .	Total national	
`	- W.W.	Total	Foreign		Total	Foreign .	Te <u>tal</u>	Foreign
1978*		2,241	1,232		259†	189	2,500	1,421
1979 1980		2,560 3,160	1,320 1,750	: .	250 910	130 360	2,810 4,070	1,450 2,110
1981 1982	***************************************	3,470 3,850	1,910 2,030		1,020 1,120	395 425	4,490 4,970	2,305 2,455
1983		4,180	2,200		1,240	465	5,420	2,665
General	total	17,220	9,216	<u>. </u>	4,540	1,775	21,760	10,985

* 1978 represents the actual following up. † The private sector investments do not include about E£140m for the petroleum exploration. Source: Ministry of Economy and Economic Co-operation.

estate development project, which was cancelled last sum-

mer, and the over ambitious \$1.2bn dollar textile complex at

Al-Ameriyah-should now be things of the past. The Supreme

Investment Council adjudicates

in all cases involving policy which cut across ministerial

suggestions for joint venture projects—a major improve-ment. While from their side

they say interest in Egypt has

be able to determine the best

kind of presence the potential investor needs, whether off-shore or inland, or direct him

from warehousing in Port Said

the free zone concept has not

developments, the process is

that could still nip it in the bud. If the Middle East was on the threshold of stability, the

Arab boycott a bad dream,

and a radical reform of institu-

tions begun, then one could

say that the groundwork had been done and there was a

fighting chance of it succeeding. But in the present climate of uncertainty the odds are not

Alan Mackie

competent advisers. Apart

Despite these encouraging

GAAFI's legal bureau should

receiving,

never been greater.

been oversuccessful.

resiment projects, of which boom has offered management about 16 per cent are producing joint venture opportunities for another 56 per cent are such international hotel groups. as Marriott, Sheraton, Hilton

and Holiday Inn.
The spillover into general construction has produced a spate of management or tech-nical transfer joint ventures also. A typical example is that between Acrow and the private sector company of the Arab world's largest contractors, Arab Contractors, to manufacture metal scaffolding. Most of the construction joint ventures have been until recently with affiliates of Arab Contractors.

Drugs

Another exception to the pharmaceuticals joint ventures. Hoechst and Pfizer have Hoechst E. R. Squibb has recently set up

joint ventures has naturally been slower and limited to pro-ducts where the markets are second, initial misconceptual ducts where the markets what an open door policy ducts where the markets should do and what it entailed relatively well-defined and it took eight years for Brazil's where there is some export where there is some export potential. Wilkinson Match's initial venture with the public where there is some expert some door policy to produce any potential. Wilkinson Match's potential with the public standard to cross the threshold to prosperity by 1980, barely to prosperity by 1980, barely company is one such example. Union Carbide's plans to build the public standard for investment Law union Carbide's plans to build a \$15m city battery plant is \$2.56 1977) which incorporates another. In contrast to Wilkinson Match's potential with the public sector Alexandria Metal Pipes Company is one such example. Union Carbide's plans to build a \$15m city battery plant is \$2.56 1977) which incorporates another. In contrast to Wilkinson Match's potential with the public sector Alexandria Metal Pipes Company is one such example. open door policy, was on the son, which is putting up 51 per The open door policy, was on the son, which is putting up of per licence. But with virtually all statute books. This clearly is cent of the equity for its joint licence. But with virtually all statute books. This clearly is cent of the equity for its joint licence. But with virtually all making to large-scale investment pausing to assess the same lack of professionalism viding 75 per cent; the ment pausing to assess the same lack of professionalism remainder being taken by priopfimism is still prevalent in vate Egyptian interests. Another success story is a \$95m synthetic textile plant at Suez, promoted by Misr Iran Development Bank, which is to go into production later this year.

Obtaining a licence tax for a purely private sector manufac-turing joint venture is becom-ing more difficult, especially where it treads on public sector interests. To appease public sector opponents of the open door policy, GAAFI encourages joint venture; with public sector companies with a view to modernising them. This often proyes more difficult than it seems, as British Chloride, for instance, is finding, because of differences over manning levels. British Chloride is negotiating to set up a wet cell battery plant with a public sector com-

A major area for development, and one the authorities are encouraging, is agricultural and agro-industrial joint ventures. As with the joint ventures situated in the new cities, these enjoy a 12-year tax holi-

day.
The Egyptian authorities are hoping the U.S. will take the lead in this field, although West Germany has also shown interest. New projects will have to be on reclaimed land, and the able lands are limited. The sums of money involved are also much bigger than the \$5-\$15m joint venture, currently the maximum size and the return much

Most of the larger joint ven-tures are either stalled or being quietly dropped. An exception is Coca Cola's plant to develop a \$50m citrus fruit farm at Ismailia. The quid pro quo is that Coca-Cola is soon to be

marketed in Egypt. Ford's \$145m project to reestablish its Alexandria truck

ice, has got nowhere. Now that Egypt no longer has the Israel boycott removal card to play, new investment has become less attractive. Arab funds, which were to make up about one-third of the capital, have not materialised. Ford will now content itself on reopening the-truck assembly plant. Massey Ferguson's \$20m tractor assembly plant has run into internal company financing problems, and its main Arab backer has moved out of Cairo in response to the boycott, while Michelin's \$70m radial tyre plant, having slipped into second gear late last year, now appears to be back in neutral.

The most serious large-scale project at present is Volks-wagen's to build a \$30m "Beetle" assembly plant in "Beetle" assembly plant in Alexandria. It is looking for a joint venture partner and is keen to make further investments in Egypt, depending on how the plant develops. Fiat's joint venture with the public sector Nasco car company to assemble cars could well see production stepped up in response to local demand. Car accessory manufacturers, as well as household appliance manufacturers' have possibilities.

But GAAFI officials are caught in a dilemma by the investment confidence process They have threatened to cancel licences where no move is made and : Goodyear has lost its tions and progress at the peace talks, there are limits to the threats and blandishments GAAFI can wield. The lack of visible results weakens their hand against public sector interests when trying to push through vital economic reform.

Image

They also have to contend with an unfortunate image of a certain type of Egyptian busiproduct manufacturer extensive experience of the Third World recounts the tale of being approached by an elder member of the People's Assembly, a personal friend of Sadat's ("licences will be no venture. After two exhaustive trips involving much eating and entertaining, the sum total of his investigations was a feasi bility study consisting of two grimy pieces of stapled paper. He probably will not pursue the contacts with this partner because he envisages a situation

where he will put up half the cash and do all the work. But he will keep his tabs on Egypt until the right partner materialises, because he feel the mar-ket is there.

It is at this point that GAAFI can' help. Dr. Gamal al-Nazer, chief executive Minister of tion is well aware of the damage these unfortunate initial contacts can do, and can only exhort potential investors to contact directly the commercial section of the nearest Egyptian embassy or GAAFI's head-quarters at 8 Adli Street, Cairo.

There have been great improvements in the way GAAFT processes applications. The conflict of departmental interests and of policy which created confusions and not to

Projects

that pressure to spend so with money will push projects ead with insufficent Egyptian Monig uticipation. This dermine the whole purpose the programme, which is the development of domestic d specifically human re-

The West German programme flows the World Bank's in againide with a 1979 agree-

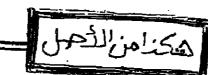
inger in the size of USAID plant. German officials claim that their aid is not tied, but many of their contracts wind up with German companies.

France signed a FFr 408.5m protocol with Egypt this spring; 32 per cent is in soft Treasury loans with the remaining 68 per cent guaranteed commercial loans. Envisioned French projects include the first stage of the long awaited Cairo Metro. Japan has also shown some

lent of DM 250m. Commodity interest in the Metro. So far it Empining DM 175m will go for efforts to the Suez Canal pro-repairing DM 175m will go for efforts to the Suez Canal pro-repair assistance. The West ject, but Japanese consultants empines plan to spend are studying the feasibility of
overnment's project develop- and another DM 50m on addi-polition on addi-cit, work for it. The inherent tions to the Abu Kir fertiliser Another Japanese team is High Dam.

> Following the election of new conservative governments, the future of both the British and Canadian aid programmes for Egypt is uncertain. Britain has committed itself to £50m financing for the giant Cairo sewage overhaul, to which USAID has also agreed to contribute \$100m. Canada's Egypt aid level for 1979 will be C\$35m. Most will go for purchase of Canadian railway locomotives.

Stanley Reed





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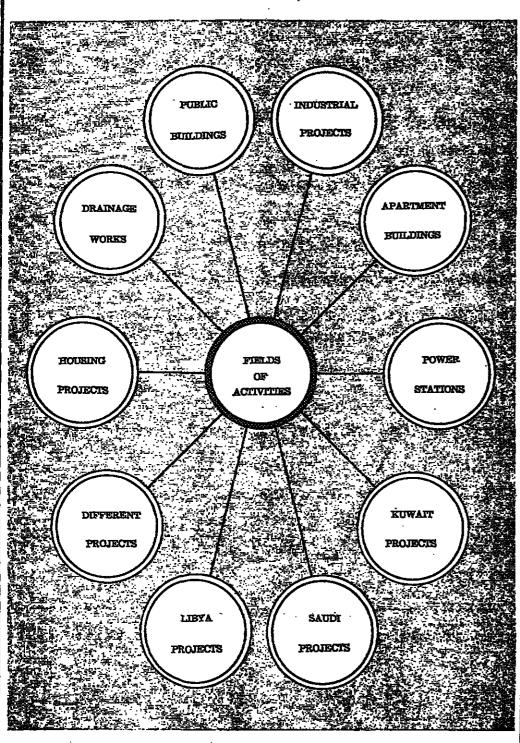
The Arab Petroleum Pipelines Co. SUMED has completed the construction of a two-parellel 42-inch diameter pipeline system for the transportation of Middle East crude oil from The Gulf of Suez to the Mediterranean. This is a unique pattern of pipeline systems in the world in that it begins and ends in the sea and that the feed in and out is done by tankers. The system thus provides deep water berthing for super tankers up to 270,000 dwt.

The pipeline system starts with a receiving terminal owned and operated by Sumed on the Red Sea (Sukhna) coast. The pipelines extend inland 320 KM and end with a loading terminal at Sidi Kerir. The pipelines capacity is 80 MTA (million tons per year). Planned expansion will provide 117 MTA. The pipelines system is designed to handle types of crude oil, with sufficient segregation to minimise comingling or contamination. The first trial test of the pipeline system started on December 14, 1976 at Ain Sokhna terminal which received the first shipment of one million tons of light Arab crude oil. The first tanker loaded at Sidi Kerir and departed in January 1977. This operation, which initiated the pipelines system, established the quality control and the high efficiency by which the Company has been operating ever

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Ambitious dream

Israel during the 1967 war. Sinai

was a neglected area, with only, rooms. a tenuous connection to the rest of Egypt. But now, with Israel set to return the entire peninsula within three years, it is being billed by officials and the Cairo Press as the solution to Egypt's problems of overcrowding and poor natural resources. But in practice, it seems very likely that the development of Sinai will turn out to be both an economic and political bur-

dream being discussed envisages settling 2m Egyptians in Sinai's 23,600 square miles of barren sand and rocks by the year 2000. To feed these people the Ministry of Irrigation expects to cut a canal from the east branch of the Nile all the way to Sinai. The new channel would plunge beneath the Suez Canal and emerge on the other side to water 400,000 acres of reclaimed desert. A scheme to enlarge the existing Ismallia Sweet-Water Canal would nourish another 800,000 acres.

These are heady predictions, but plans for Sinai's actual development are going ahead at a sober pace. The Ministry of Development and New Communities will soon choose a consultant to perform a USAIDfinanced survey of Sinai's poten-tial. USAID has a \$2.5m dollar budget for Sinai studies.

The consultant will instructed to identify feasible projects in mining, agriculture, transport, tourism and infra-Early population settlements will be emphasised. Just who will pay for these projects is not yet clear. USAID appears willing to fund the rehabilitation of a manganese mine near the Gulf of Suez at Abu Zenima that was put out of action by the Israeli occupation. Leaving aside petroleum production (discussed elsewhere in this survey) hope for commer-cially feasible activities centres Government plans to draw

on tourism and mining. American and European visitors to the peninsula's spectacular beaches. The religious sites around Mt. St. Catherine, which is the habitat of the rare Sinai

In the mining sector, copper, uranium, lead phosphates, sulconsidered by the Ministry of Development to "deserve exploration." Before the war, " deserve source of quality glass sand. elsewher The peninsula has considerable official. coal reserves, but they are mostly of low-grade sub-

bituminous varieties. Some experts doubt the economic viability of Sinai land reclamation. They point out that reclaiming desert along the

internationally famed for its Egyptian Government plans to 35,900. The Egyptians, eager to in el Arish before May 28 has provincial capital of the Sinal Peninsula. According to official rhetoric. Mr. Sadat's ritual heralded the opening of a new frontier of vast potential wealth. Before it was occupied by Internationally iamed for its Egyptian Government plans to 35,000. The Egyptians, eager to hi el Atish Genore may 20 has bird life. Marriott is reported profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are development begun by the unwilling to allow labourers authorities. Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchange profit from the agricultural diminish Israeli influence, are been turned in to the Egyptian banks are continuing an exchan strangers often have to share to Egyptian hands so far, it was dents who fled the Israelis is discovered that the embittered expected to precipitate a settlers had blocked wells and housing crisis.

> promised by rugged terrain and of the peninsula's 157,000 in-inaccessibility, USAID, Egypt's habitants, require food aid. The exploration. Define the war, macrossimity, oscillo, heavily is negotiating with Sinai for the porcelain industry. I major source of development agency is negotiating with Sinai for the porcelain industry. I major source of development agency is negotiating with the solid property of becoming Egypt to continue the breadlinest gypsum rises near the Gulf of "Almost anything you do in formerly administered from Sinai is Egypt's best Sinai is Egypt's best Sinai will cost you more than israel. elsewhere," said one USAID

> > the

edges of the Nile Delta is likely a boon for the Egyptian Governthe Egyptians face a struggle to to prove cheaper. A possible ment. The Israeli pullout assert their domination.

damaged the drip irrigation. According to the American phur, and strontium are all system, perhaps beyond repair. Tharitable organisation, CARE, Because of the high costs 42,500 people, almost a third

> The Egyptian Government's official.
>
> "In the short-term we are residents that it is in charge. looking to the private voluntary. Toward this goal, is sacked the organisations," said Mr. Donald man who served as Mayor of USAID-Egypt el Arish during the Israell At present Sinai looks more the deportation of 154 Pales-like a political headache than tinian families to Israel. But

ON MAY 26, President Sadat, leopard, also promise to be an exception is the Wadi et Arish disrupted light industry in et Smuggling is rampant across the resplendent in a white admiral's attraction. Lake Bardawil, an area on the north coast, which Arish, leaving high unemploy borders. Only IEI5m of an uniform, raised the Egyptian estuary on the north coast, is receives some rainfall. The ment among the population of estimated IE100m in circulation

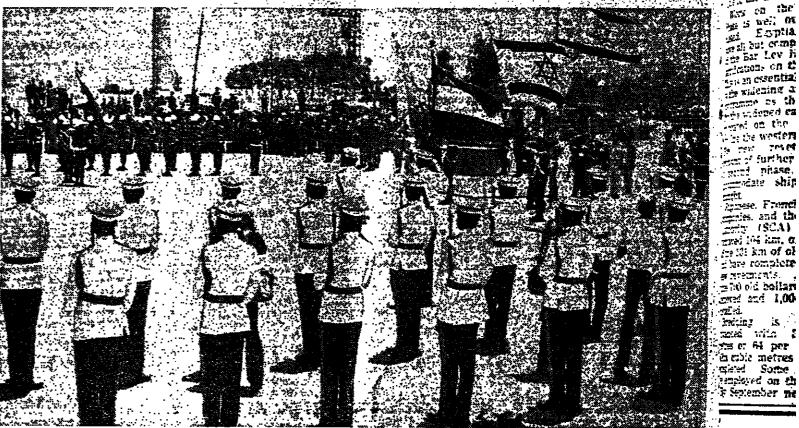
remoteness from Egypt. While the peninsula has relatively the peninsula has relatively good roads and airfields, the only overland connections to the Egyptian heartland are a few pontoon bridges and ferry crossings on the Suez Canal Canal shipping restricts use of these to a few hours a day for interest of the second care of these to a few hours a day for interest to Sinal the Missing of the second care of the prove access to Sinai the Egyptian Covernment plans to construct a number of bridges and tunnels to connect the two tunels to comer use two banks of the Suez Canal The 570m Ahmed Handi timele near Suez is being built by a con-sortium of Tarmee (UK) and The Arab Contractors. It is scheduled for completion by the end of next year. The Govern-ment is giving serious consider-Qantara near Ismailia:

 $\{ \hat{v}_i \}$

531: 20 CESEB**LIA**.

ib videning a

Stanley Reed



Egyptian troops in the foreground and Israeli troops in the background presenting arms as the town of El Arish was returned to Egypt in May

Relations with Israel

Little more to give

THE MOST important, positive aspect of Egyptian-Israel relations today is the determination shown by both sides not to allow the vast differences that still separate them, over the future of the Palestinians, in particular, to negate the achievement of March 25 when the peace treaty was signed in Washington.

This was amply demon-strated in Alexandria earlier this month when President Anwar Sadat and Mr. Menahem Begin, Israel's Prime Minister, failed to make any significant progress on the most conten-tious ideological issues but, by merely being together without coming to blows, helped to demonstrate that, little by little, relations between the two countries were being put on to a normal footing. The agreement by Mr. Sadat to visit Haifa towards the end of August for another round of talks offers turber evidence of continuity further evidence of continuity and is considered as a positive sign by the Israelis.

However, Israeli enthusiasm at the success of this step-by-step policy of normalisation with each side perhaps making small peripheral concessionscannot disguise the fact that Mr. Sadata now has very little more to give on the Palestinian question, and that each additional move he makes to satisfy Israeli demands further exposes the bilateral nature of the peace treaty. While Mr. Sadat bravely states that he "wants to see what Egypt can achieve without the Arab world, and what the Arab world can achieve without Egypt." He is nonetheless committed to trying to make the peace treaty a cornerstone for a comprehensive Middle East settlement and, according to his aides, has not deviated from his belief that this cannot be achieved without a fair and just solution for the Palestinians.

Mr. Sadat's approach to the Israelis, as he often asserts, is heavily psychological. By going to them as "reasonable men," albeit overly conditioned to the state of war they have been in since the establishment of the Jewish State, Mr. Sadat thinks that Israeli society will even-tually be convinced both of the justice of the Palestinian cause and that the only way for them to have a longer-term future in the Middle East, not based Palestinian negotiations. After solely on military power, is by four rounds of negotiations,

lessly wrong. At least judging from the benefits that accrue to either side. Egypt gains from the treaty an end to the state of war and the eventual return of all Sinai, including Jewish settlements, oilfields and other potential mineral wealth. At the same time, it has lost the strength and economic benefits that derive from being an active

part in the Arab world.

Israel has gained what it has most ardently desired, peace with its largest Arab neighbour and the incalculable relief of probably not having to fight another war on two fronts. More than peace Israel also gains the right to full economic, trade and cultural links with Egypt. (a market of over 40m people), the use of the Suez Canal, the permanent limitation of Egyptian military deployment in Sinai and, more ambiguously, the right of the treaty to take precedence over other Egyptian obligations. And all this has been done without suggestion that Israel will agree to restore Arab sovereignty in the West Bank, Gaza Strip or

Golan Heights. Instead what Israel offers to the 1.2m Arab inhabitants of the West Bank and Gaza is a limited form of self-rule but nothing that might be considered as leading to creation of a separate Palestinian state. For Mr. Begin and his adherents the West Bank (or Judea and Samaria as they call it) is part of the promised biblical land of Israel. Mr. Eliahu Ben Elissar, the director of the Prime Minister's office once explained that his country was making a "very great sacrifice" by failing to exercise sovereignty over it. Against such ideological and religious conviction Mr. Sadat can at best hope to make only very limited progress. His tenacity in sticking to his insistence on full autonomy for the Palestinians must to an extent be based on the possibility that Mr. Begin's

a security issue. In the shorter term Mr. Sadat has to rely almost exclusively on the Americans who are a full partner" in the

Government will eventually be

replaced by one that considers the West Bank to be primarily

getting out of occupied Arab
land.

To the casual observer this
policy may so far look hope
U.S. representative, claimed a actual powers that the authority Egyptian optimists poin to "breakthrough." This was that after many hours' sterile bargaining over an agenda it was agreed that two working

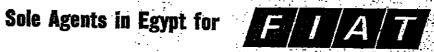
committees should be set up-

actual powers that the authority would exercise. "Other related issues," which should include gress towards the peace that

issues," which should include gress towards the peace that Arab East Jerusalem (annexed that followed Mr. Sadat's isit by Israel after the 1967 war) to Jerosalem in November CONTINUED ON NEXT PAGE

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DEVELOPA The new five Inder way. W activities. He ^{agricultural} p Materials inch ourism has lortunate with

and cultural f RIVILEGE Egypt's F

-Guarante transfere -Tax holid extension Exemptic

Acquisits Commence

Canal ready for supertankers

A FAVOURITE attraction for new Port Said bypass should development funds—and there capacity during 1978. Egyptian visiting Egyptians and natives be completed, climinating the are no signs yet that they are Tof Part Said on summer even-risk of a serious collision in not coming through—the come into its own in 1981 with ings is to sit on the famous Port Port Said itself. The Ballah-Kuwait Fund for Arab Econo-the opening of the Trans Arabia's Said promenade and watch the bypass just north of Ismailia is mic Development, the Saudi pipeline from Saudi Arabia's ships queue up in the midnight. already operating. These, with Fund for Development, Arab Eastern Province to the Red convey for the southbound dual channels in Lake Timsah Fund for Economic and Social Sea port of Yenbo, whence it fourney to Suez and the Red and at Deversoir in the Great Development, Abu Dhabi Fund would be transhipped to Suez. Sea. The container ships and oil tankers tower over the town as they glide through, leaving whilf of romance for travel which is rare these days, and a case in ordinary Egyptians of pride for something that is theirs, that works and that the world needs.

In September next year they will have even more to ogle at as the first supertankers sail fluorugh the Canal after the first phase of the widening and deepening programme has been completed. At present only ships of 38 ft draught can use the canal—or 60,000 tons fully ladan and 250,000 tons in ballast. From September next year ships of 53 It draught (or 450,000 tons fully laden and 380,000 tons in ballast) will be able to use the canal.

Work on the \$1.1bn first phase is well over half completed. Egyptian companies have all but completed removal of the Bar Lev line and other rtifications on the East Bank. This is an essential pre-requisite o the widening and deepening rogramme as the revetments or the widened canal are being located on the eastern bank eaving the western bank intact. new revelments take count of further expansion in second phase which will commodate ships of 68 ft

Japanese French and Italian companies, and the Suez Canal Anthority (SCA) itself have removed 104 km, or 79 per cent of the 131 km of old revelments and have completed 114 km of new revetments. At the same sine 700 old bollards have been noved and 1,000 new ones

Drulging is also well dyapped with 361m cubic ires or 64 per cent of the

Bitter Lake, will provide four for Arab Economic Developbypasses or waiting points to ment and the Islamic Developaccommodate the two way move ment bank. The U.S. Agency ment of convoy

The 86 ships that passed through the Canal both ways on January 22 last year may well go down as a record (compared vith the average now between 55-60 vessels a day) because the deeper canal will handle fewer but larger, more profit-able vessels. The trend towards larger vessels is already notice-

The rising tonnage is reflected in higher revenues. Last year the canal brought in \$520m in foreign exchange. This year the target is \$550m, but the oil crisis has raised a question mark over this estimate. and although no Arab countries have boycotted the canal of doing so — the possibility cannot be ruled out if sanctions against Egypt escalate. The May tonnage figures bely these uncentainties, however. The daily is likely to be postponed until tonnage for the month was 14 the future for world shipping per cent higher at 717,800 tens, compared with a daily average of 680,200 tons for May last

Contrary to popular belief, the actual income to the state after operational and other costs is only about one-fird of the SCA's Planning Depart-incoming revenues. Although ment, "futuristic." Incorincoming revenues. Although there is a large local currency element in operational expenditure, there is also a significant Large Crude Carriers (VLCCS) investment element needing foreign exchange, for refitting of workshops, the purchase of tugs, and not least the servicing of \$595m of foreign loans for the first phase widening and deepening programme. With the exception of a \$50m World Bank Loan, bearing 8.5 per cent som cubic metres to be done. interest, the loans are at less pleted. Some 40-dredgers than 4 per cent and most with

the Suez Canal Fund and the exchange requirement.

Given the hefty overheads, the marginal profit is extremely pipeline. important. Most of the extra The ga \$450m a year that the widened to the Egyptian exchequer ments problems next year,

World trade uncertainties could also affect plans to raise and there are none with selected tariffs when the declared intentions at present widened canal becomes operational. At present SCA officials of are tightlipped about their pricing plans.

> Second phase implementation becomes clearer and the profitability of the first phase can be better evaluated. Plans eventually to open a second channel for northbound traffic in ballast are, in the words of Mr. Ahmad Ammar, the head poreted into the second channel idea is a plan to have Very offload most of their crude in Suez, pass through the Suez Canal in ballest and reload their oil again at Sidi Kreir near Alexandria, the oil having been pumped through the Snez Mediterranean (Sumed)

Sumed opened early in 1977, and the \$500m pipeline has found it hard to find orders to the employed on the operation. grace periods. Lenders read ruise throughput to 50 per cent the September next year the like a Who's Who of the Arab of its initial 80m tonnes a year

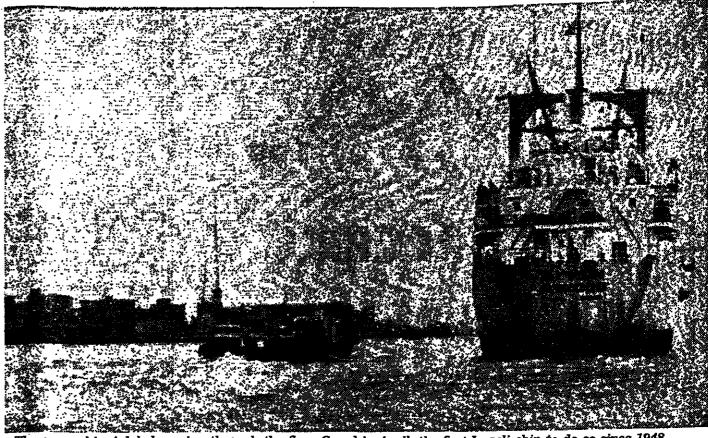
pipe-

officials are hoping it would

An Arab boycott of Sumed (owned 50 per cent by EGPC and the rest by Saudi Arabia, for International Development Abn Dhabi, Kuwait and Qatar) (USAID), West Germany, is unlikely given the large France and the UK all have a financial stake the oil states finger in the pie, while Japan bave in the project (Arab has over \$210m committed to funds for the Suez Canal pro-Suez Canal projects. Finally, jects are still reportedly through), SCA itself are providing just general uncertainties will not under \$100m of the foreign help it through this rough patch. Iraq, for instance, has stopped shipments through the

The gamble of opening the canal in June, 1975, before the and deepened canal is expected Israelis had fully withdrawn to bring in will be net profit from the East Bank has not yet and officials admit that they are come up trumps financially, but now essentially waiting for the important point given that it has paid off handsomely in U.S. to table its own proposals, Egypt may face balance of pay- providing a push to stabilising which they are confident will be the region and for providing a much closer to their position focus for the redevelopment of than to the Israelis'. They hope the ravaged canal towns. The and expect the U.S. to bear the return of nearly 1m refugees main brunt of the negotiations, to their homes alone has been and some officials say privately important social significance to overburdened and over-

crowded Cairo. The Suez Canal remains a vital artery. Port Said derives its free zone status as a canal entrepot from it, although this is reportedly being revaluated because of disappointing results SCA headquarters, although its Suez is developing its own free zone around the port of Adabia, which is becoming meat imports from the Antipodes. It has possibilities for medium to heavy industry and petrochemicals based on its refinery. Despite the diversifi-cation, the canal will continue the infrastructural backbone on which the development will take place.



The cargo ship Ashdad passing through the Suez Canal in April, the first Israeli ship to do so since 1948

CONTINUED FROM PREVIOUS PAGE

than to the Israelis'. They hope that there is little more Egypt can do beyond refusing to be provoked by Mr. Begin into abandoning what they see as an essentially reasonable and nonextremist position. Israel's invasion of Southern Lebanon in March last year, its persistent air, sea and ground attacks on just as it does from the fact alleged Palestinian positions, its that the U.S. aid has financed refusal to stop building Jewish studies for a new 10m tons a settlements on the West Bank, year port. Ismailiya houses the and its "provocation" of Syria resulting in the shooting down commercial future is likely to of five Syrian jets, are all seen be in agro-industrial projects. in Cairo as part of a determined attempt by Mr. Begin to ensure that no Palestinians are tempted to come to the negotiating table important for grain and for as foreseen by the Camp David meat imports from the accords. However, Mr. Sadat has to be aware that even without such Israeli actions even the more moderate mayors and civic leaders on the West Bank and Gaza were opposed to Camp David, with many of them considering it was merely a formula

for legalising Israeli occupation.

pected to be able to exert over not start for more than a year. Israel as the negotiations progressed was the pace at which normal relations between the two countries would be allowed to develop. Time and again, it was explained that such matters as the exchange of ambassadors, open borders, granting of visas, trade relations and economic co-operation would be carrots dangled to encourage concessions from Israel.

Mr. Sadat, however, has already conceded that ambassawill be exchanged nine months after the ratification of the treaty in return for speeded Israeli withdrawal from Sinai during the first phase. Some Egyptian commercial concerns are already understood to be in contact with Israeli com-An air corridor between the two countries has been inaugurated, aboit so far just for official purposes. few tourists are beginning to dribble through and other contacts are taking place.

It is a process both provided for by the treaty and one that Mr. Sadat will not find it easy to halt without making a more radical shift in his attitude towards Israel. According to the Alan Mackie for legalising Israeli occupation. terms of the treaty, full nego-train leverage which tiations on trade, cultural and senior Egyptian officials excivil aviation agreements will

Egyptian officials usually claim that it is premature to begin discussing the possible benefits to either nation, although they agree that Israel seems to have far more to gain.

The booming Egyptian consumer goods market is obviously an attraction for Israel, and in Tel Aviv it is said that they are eager to offer their land reclamation and desert agriculture technology to Egypt. The concept of harnessing Egyptian labour to Israeli technology is still a sensitive issue in Cairo. The authorities refused to allow some 5,000 Egyptians living in El Arish, the capital of Sinai, to continue with their jobs in Israel after it had been handed back to Egypt, despite the obvious economic disadvantages and the impossibility of quickly providing alternative employment.

Egypt has also agreed to sell oil to Israel from the Sinai fields, which will be returned later this year. But officials stress that prices will be those currently pertaining on the world market and that Israel will be treated as any other customer.

The social and cultural aspects of normalisation are another cause of anxiety to some Egyptian officials, who

their country. Apart from the obvious security implications and the fear that Israeli tourists could become terrorist targets, they point to the potential tension, as one put it "between representatives of the hated Zionist state and the Islamic fundamentalists who have been excited by what is happening in Iran." Therefore they hope that both Mr. Sadat and the Israeli Government will move with extreme caution on the full opening of land borders, which for first time in over 30 years will make it possible to drive from Jerusalem to Cairo. But before that happens the target date of one year for the successful conclusion of negonomy will have expired.

fear the possible political con-

sequences of a large number of

Israelis suddenly descending on

tiations on Palestinian autothat will depend what Mr. Sadat has to show to his Arab critics and, by then, a more accurate assessment of the effect the Arab boycottis having on the Egyptian economy will be available. These two considerations are still far more important to the future of Egyptian-Israeli relations than any protestations about "full, frank and friendly exchanges between the two countries leaders.

INVESTMENT OPPORTUNITIES Egypt: The Start of a New Era

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For further information please contact:

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Or: The Egyptian Commercial Offices in: London: 23 South St., London W1, Telex 23650. Paris: 56 Ave. d'Iena, 75116 Paris, Telex 611691. Bonn: Paracelsusstrasse 72, 53 Bonn, Bad Godesburg, Telex 885719 WGTD.

Approved Inland, Public and Private Free Zones Projects (31/12/1978)

(Value in L. E. 1900)

			Ca			
	Status	Number	T	- 		Total
			Local C.	Foreign C	Total	Investmen
A.	Inland Projects					
1.	Investment Companies	49	58,316	125,710	184,026	194,526
2,	Banks and Banking Institutions	37	35,758	93,709	129,467	129,467
3.	Touristic Projects	86	177,163	189,225	366,388	570,282
4.	Housing Projects	35	115,183	100,723	215,906	243,248
5.	Transportation Projects	10	3,387	23,102	26,489	60,706
<u>6</u> .	Health Projects	13	15,301	19,707	35,008	51,519
7	Agricultural Projects	33 57	53,919	52,303 18,497	106,222	251,219
8.	Contracting Projects	91 ·	10,226	10,48(28,723	56,759
9.	Education, Training and	19	2,361	128,454	130.815	139.061
40	Services Projects	33	61,912	43,197	105,109	586,097
	Textile Projects	32	14.292	10.782	25,074	67,271
17.	Food and Beverages Projects Chemical Projects	70	24.530	56.709	81,239	112,434
	Wood Products Projects	ii	3,609	5.597	9.206	18.246
13.	Wood Products Projects	40	34.924	52,771	87.695	282,108
14.	Engineering Projects Building Materials Projects	27	53,679	31,731	85.410	221,739
19.	Metallurgical Projects	21	10.653	18.141	28,794	36,208
10.	Pharmaceutical Projects	9	3,831	6,062	9.893	16,731
17.	Pharmaceutical Projects	5	2,287	2,986	5,273	6.094
18.	Mining Projects	. 4	774	2,510	3.284	3,284
19.	Petroleum Projects	· · · · · · · · · · · · · · · · · · ·	(17		Q20±	0,201
-	Total	591	682,105	981,916	1,664,021	3,045,002
В.	Public Free Zones Projects					_
1	Cairo Public Free Zone	27	916	20,986	25,132	25,132
-	Alexandria Public Free Zone	47	10,125	79,645	89,770	190,262
2.	Suez Public Free Zone	51	1,609	16,367	17,976	23,403
	Port Said Public Free Zone	120	4.087	93,646	97,733	123,326
<u>4.</u>	Port Said Public Free Zone			50,010		
	Total	245	16,737	210,644	227,381	362,128
c	Private Free Zones Projects		-	•		
	Cairo Private Free Zone	25	3.204	26,774	29,978	40,381
	Alexandria Private Free Zone	34	2,540	131,480	134,020	868.443
	Suez Private Free Zone	4	834	28,331	29,165	. 29,232
ð.	Port Said Private Free Zone	4	60	732	792	1,241
<u>4</u>	TOT SAID LILYNG TIES TODE					
	Total	67	6,638	187,317	193,955	939,297



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Banking

Promising growth

the open door policy. Being the sentative office in Cairo coverfirst sector to develop after the were opened, it has ridden periods of criticsm, when "foreign bank" was a when foreign bank was a dirty word loaded with innuendoes of quick profits from luxury imports, to find a useful role: that of making the local banks respond to the competitive challenge, and of beginning to finance muchodd joint venture.

There are some 70 foreign banks with a presence in Egypt. Those that have made efforts to set down roots are prospering, while the rest wilt in the competition. No matter what the original intention, nearly all of them began by financing trade to cover their startup expenses. But as they have found their feet, and established credit ratings with trusted customers they have

come into their own.

The four British banks estab-lished in Cairo give an idea of the breadth of activities. Cairo Barclays International (a 50-50 joint venture with Banque du Caire) is a development bank, aiming to marry Arab money with Western expertise in Egyptian development projects. It has been instrumental in the district properties and finance. in finding partners and finance in 17 joint ventures with a total capital of around \$70m.

Lloyds Bank International is an offshore operation which is steadily deepening and broadening the scope of its operations. It is looking for promising small-scale private ventures which need cash and is eyeing the plums to be plucked from financing public sector business. It is also becoming more active in loan syndication.

Midland relies exclusively on its correspondent business and has handled a fair amount of business for the Arab Organisation for Industrialisation.

ing the Saudi peninsula and has been active (as has Midland) in negotiating ECGD credits.

None of these banks, however can deal in Egyptian pounds, because to do so requires a joint venture with a majority Egyptian shareholding. Chase National, a 51 per cent controlled joint venture with needed intermediate and raw the National Bank of Egypt material imports, as well as the and Chase Manhattan Bank has thus been able to tap the lucrative business of offering Egyptian pound and dollar accounts. Chase National last year raised profits by 79 per cent to E£2.8m (£1.8m). It is looking for medium term lending opportunities and aims this

year to consolidate. Misr International Bank (MiBank), like Chase National, can offer dollar and Egyptian pound accounts (Banque Misr and Misr Insurance Company between them own 51 per cent of the shares, the remainder is held by European, American and Japanese banking inter-ests). It more than doubled profits last year to Ef2.6m and is looking for an expansion of its term lending programme.

Special

In a special category, because of their specialised interests, are the Arab offshore banks and the Arab commercial banks operating in Cairo. The largest of these are the Arab International Bank, which was the first offshore bank to be set up in 1974, and the Arab African International Bank. These two banks have been active in syndicating loans for hotel development and in stimu-lating interest in dollar and other hard currency deposits. They have also done a good correspondence business in

placing AOI funds. In a special category again is the Misr Iran Development Bank, which is owned 50-50 by Iranian and by Egyptian in tive devaluation against other original package, terests. It recently requested its currencies, a tolerable 5-10 per. The Arab boyco capital be doubled to \$40m. It rentures, ranging from an air fetches by going through the conditioning plant to synthetic official channels and the funds

banks. They had no answer to Canal earnings. The aim eventure fate of new projects, especially the wholesale plundering of ally is to broaden the open in the hotel field is less certain their better staff and to having their hands tied by low domestic interest rates. But their freedom of activities has been is developing slowly, largely \$17.5m headquarters in Cairon of activities has been is developing slowly, largely \$17.5m headquarters in Cairon of presentation. The time, the technical operations of presentation. The time, the technical operations of presentation and sandi interests because of the technical prob the first interests. Domestic interest rates are rising (the current base rate is dollar denominated but recently which will be the first in Egypt the stabilish of the current base rate is dollar denominated but recently which will be the first in Egypt the stabilish of the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently which will be the first in Egypt the current base rate is dollar denominated but recently the current base rate is dollar denominated but recently the current base rate is dollar denominated but r rising (the current base rate is 8 per cent) and they can offer improved staff incentives. They are also beginning to wake up the potential of their

traditional public sector links.
A new breed of indigenous banks is also developing, best illustrated by the Suez Canal Bank. Set up to develop the Suez Canal Jone, the bank has lost no time in using its powerful Egyptian contacts to carve out a profitable business. The Nile Bank and Delta Bank have the Development Industrial other lead managers. The remaining shareholders are bank (DIB) has become a primary aim of the lear \$200m Egyptian institutions) claims to significant financial force by of which was earmarked for be the first. Egyptian releading \$125m of soft loans to power projects and the remain merchant bank, working to the

market. A major reform was recourse to Eurodollar borrow-the abolition of the official rate ing. of 39 plastres to the dollar at the beginning of this year. Nowthere are only two rates; the fixed parallel rate of 69 plastres. It was the first attempt by to the dollar and the open Egypt to borrow on its own

The local banks at first remittances banked through the withdrawai of deposits has reacted negatively to the commercial banks, tourist happened yet Funds are coming petition created by the foreign receipts, oil revenues of Suez in for existing projects, but the banks. They had no answer to Canal earnings. The aim eventu- fate of new projects, especially the wholesale plantaring of ally 4s to breaden the open in the basel said to be a said to breaden the open in the basel said to be a said to breaden the open in the basel said to be a said to breaden the open in the basel said to be a sa

Chase National launched an to operate according to the Egyptian pound loan. Sharks Islamic law

Chase National lainched an to operate according to the Egyptian pound loan.

Against these encouraging In contrast those banks that developments the failure of a rely on Egyptian and Western 3300m eurodollar loan in the spring was doubly unfortunate ness Commercian is ancouraging was doubly unfortunate ness Commercian is ancouraging the four Arab banks promoting ting West German lavestors, the loan, Arab African Interpolation while Lloyds and Milank are national Bank and European banding their activities.

Arab Bank of London and New financial institutions are Union de Baques Arabes et opening up as it is belle any their suport in line with the organisation is the Joint Arab their suport in line with the been set up to utilise the savings Baghdad negotiations. Citibank Investment Corporation which of Egyptians working in the Credit Lyonnais and Dantische although 50 per cent owned by Gulf and Saudi Arabia, while Bank were to have been the the Abu Dhabi Government (the releading \$125m of soft loans to power projects and the merchant pank, working to the small-scale private industry. It der for the purchase of four, requirements of the Egyptian is negotiating with the World DC10/30s for Egyptian; was to rather than international Bank for another \$50m.

There have also been develop for a year or two hence when three months, the organisation ments in creating a money the country is likely to have its still finding its feet. It hopes market a major reform was recourse to Europedian horrow.

Attempt

market rate of 75-80 plastres to account in modern times. A the dollar. One of the great \$250m Eurodollar loan managed successes of Egypt's weaning by Chase Manhattan of London from an official to an open in the spring of 1977 was undermarket rate has been the written by the Gulf Organisation gradual transformation of the for the Development of Egypt black into a "grey" market and (GODE). Citibank has since finally now an "open" ones revived an earlier offer to black into a "grey" market and (GODE). Citibank has since ments will be geared to the refinally now an "open" one revived an earlier offer to quirements of the local market. Underpinned by workers remits manage a \$130m loan for the Cairo is unlikely to become tances and helped also by the DC-10s alone, but the terms at another Belrut of the 1980s. But we kness of the dollar to which 11 per cent above LIBOR are a weakening turrency and the it is pinned, creating an effect not as good as those in the re-emergence of a black market than depluration content.

There were tense days following difficult economic and financial the announcement of the dis- reforms, could really hurt textile plant and hotels, with a acon'red onickly on the open bandment of AOI in May when total capital of nearly \$300m. market. Official foreign ex- instructions were given to the

THE BANKING and financial the arms organisation in the It has \$31m invested in these change is available depending Central Bank (which were never sector has undoubtedly been one of the success stories of Morgan Grenfell has a representation on the success stories of Morgan Grenfell has a representation on the success stories of the success stories of Morgan Grenfell has a representation in the It has \$31m invested in these change is available depending Central Bank (which were never never the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon) to freeze all AOI on how quickly the parallel acted upon how quickly the parallel a

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organisation is the Joint Arab eventually to seek out invest-ment opportunities and poten-tial lenders, and is looking to the day when Cairo has a proper money market issuing certificates of deposits.

So long as the workers remittances continue to supply the marker's foreign exchange requirement, there seems nothing to stop the development of more sophisticated financial mechanisms. But these developtive devaluation against other oriental package could jeopardise these develop-currencies, a tolerable 5-10 per the Arab boycott has raised ments. It is here that the Arab cent differential has been estab-lished between what the pound of the Arab banks in Cairo, ability to implement politically

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Figures in millions of Egyptian pounds for the years 1977 and 1978:

·	31.12,77	31.12.78
Capital and Provisions	0.9	1.9
Deposits	69.0	107.7
Loans	18.3	35.6
Total footing	79.1	119.9
Contingent liabilities	50.2	107.9
Net profit	8.0	2.6

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Risk of over-production

oil has been a welcome and only to the Suez Canal Authority in its competence. Its contributions to the

economy are simple to list. It is now the country's largest source of foreign currency and provides 40 per cent of exports. Its proportion of the GDP has risen from 3.1 per cent in 1975 to 6.1 per cent in 1978. became a net earner in 1976. with a surplus of \$380m. Last year this had risen to \$700m and this year, subject to some extent to prices, between \$800m and \$900m net. In global terms its reserves are small, estimated in 1979 at 356.2m tons.

Predictably oil has become something of a gesture of political determination, particularly in the face of the Arab boycott. But even before that, President Sadat used regularly to make two claims: that by 1980 there would be earnings of \$1bn and production would reach 1m barrels a day. former is realistic, and latter not; nevertheless, the contribution to the economy which oil now and gas in the future wi∐ make substantial

Production in recent years has risen from 300.000 b/d in 1975 to 424,000 b/d last year. The daily production sheet of the Egyptian General Petroleum Corporation (EGPC) for July 9 this year gives a useful picture of average production and the main producing areas. Production totalled 534.873 b/d (which includes 20.000 b/d of natural gas). Of these 379,574 b/d or 71 per cent came from the Gulf of The main fields were: 183.422 b/d. Ramadan 95,000 b/d, Morgan 81,000 b/d, and Gharib 7,322 b/d. Production in the Western Desert totalled 24.130 b/d, mainly from Abu Gharadiq field (11.773 b/d)

and Razzag (11,750 b/d). Production in the July and Morgan fields (the latter producing less than twice former output after a drop in pressure in 1971 which was not restored until after 1975) is expected to rise slightly, and that at Ramadan at a faster rate in future. . It is reckoned, however, that production over this year will rise little if at all, even though successive Israeli withdrawals towards the end of this month and in November will see the return, in the

TO HAVE been for more than former case, of the Asal, Sider, and with it the important three years a net exporter of and Felran fields and, in the decision whether to invest at much needed boon to Egypt bara, Alama and Ras Muham-And whatever its other mad fields—producing between economic problems, Egypt's oil them over 30 000 b/d. Even if sector has proved to be second a temporary plateau appears to have been reached in production, the expansion of Egypt's production remains impressive.

Where does this now leave the cherished 1m b/d target? Mr. Izzeddin Hilal, the Petroleum Minister, said in January that the figure would not now be met until 1982. Officials of the Ministry and EGPC and foreign oil companies argue that there is no reason why two three more fields of the size of July or Ramadan - perhaps in the adjacent South Belayim field — should not be found in the next year or two to bring this target close. (Drilling costs in this area are quite high at about \$60m a well.)

In addition, they argue that the Western Desert's "deposi-tion basin" (the surface area multiplied by the average depth in which oll might be found) is infinitely larger than that of the Gulf of Suez, similar in geophysical make-up to Eastern Libya, and by comparison underexplored — and that therefore it should yield substantial oil finds.

Oualified

While there is general agree ment that more finds will be made, this view is qualified because of geophysical problems which make even modern selsmic techniques more than usually chancy. Finally the point is made that there is inevitably a time lag between discovery and production. Thus though 1982 remains the official target, unofficially 1984 is reckoned to be a more realistic

During 1978, nine oil strikes were made - seven in the Gulf of Suez, and one each in the Western and Eastern Deserts. (Elf-Aquitaine also made what. may be Egypt's largest natural gas find 50 km offshore north-

east of Alexandria.) The most important oil find was by a consortium headed by Deminex, and including Shell Mex and BP, offshore in the Gulf of Suez 4 km from the north east coast of Sinai. Oil flowed initially at the rate of 4.700 b/d and production could reach 100,000 b/d. A decision to start production initially at 10,000 b/d is expected shortly.

latter case, the Tur, Ras Gab- least \$100m in providing onshore facilities, which are absent in that area. For the more onshore facilities are developed around the Gulf to complement the installed handling capacity at Ras Shuqair of an agreement with Shell will-about 500,000 b/d, the more ing to spend \$83m on the feasible the development of second largest concession ever marginal finds will become. awarded in Egypt, 25.672 sq:kin

CONTINUED ON NEXT PAGE-

important ture on exploration and development over a total area of 663,000 sq km (or two-thirds of Egypt's whole land mass), with signature bonuses totalling about \$1 Llm. The most recent and sig-

nificant agreements have been For the future, Egypt sets in the Western Desert two much store by its production small concessions to Conoco and sharing agreements with Shell in Southern Sinai while foreign oil companies. Since still under Israell occupation, the Ministry of Petroleum was and on July 15 a 400 sq km containing the manufacture of the containing the second of the containing the co set up, separately from the cession to CEE (Total) at the Ministry of Industry, 55 agree northern end of the Gulf of ments, now all of the "produc-Suez In the coming months four northern end of the Gulf of Suez In the coming months four tion sharing" type, have been other agreements involving concluded. These involve the commitments totalling up to commitment of \$1.1bn expendi- \$100m—with Huston Oil and





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Changing strategy

rationalise Egypt's industry, Mr. Jorahim Atallah, the minister responsible recently appounced its formal reshaping into five main sectors. These are to be spinning, weaving and clothing, odstuffs, metallurgical, and

These divisions are the logical parts into which this controversial and much criticised part of the economy fall. Industry, perhaps more than any other sector, has been exposed to the full-range of dilemmas that a lovernment has to tackle when erying to decide priorities on the basis of the limited resources. Industry in Egypt is resources. Advang. The first efforts were made under Mohammed Ali between 1820 and 1940, and grew directly out of the development of cotton. In the modern sense, it began a century later between the two world wars with the first moves towards import-substitution. But it has been plagued by inadequate manpower, distortions induced first by the British presence and then by four major wars with Israel, and Anally by the governments of Presidents Nasser and Sadat changing their strategies over the relative roles of the public and private sectors. Successive governments have

Libern trying to decide whether to develop industries whose competitiveness is is injuried by protective and sinefficiency-inducing tariffs, as better to develop heavy oindustry so as to enrich the experience of the workforce in The full knowledge that the steel produced and the cars grompetitive in price, whether, having given the public sector run in which to become established, to offset its inherent inefficiencies, its overmanning and weak management, by stimstiating the private sector to prosome of its operations.
With the growing decline of

agriculture in its contribution tro, the GDP, industry's proportion of 17 per cent has been againing in importance. It has theen able to expand, in particu-pletion of existing projects— Flar after 1975, as the greater emerges in the document subtanflow of foreign currency permitted, before the Tokyo industrial exports less significant and encouraging significant to the partial reactivation summit, where Ef3.4bm (of the partial reactivation summit, where Ef3.4bm (of the partial reactivation summit, where Ef3.4bm (of the private sector is to the balance between public in industrial exports to the hard private sectors is about currency markets, suggesting to industry out of a total description of the last few years when the private sector is about the private sector is ab cent over the last few years. and its proportion of gross fixed investment has risen from 21.9 per cent in 1975 to 29 per cent (E£512.4m out of E£1.77bn) in 1977. Under the terms of the former 1978-82 development play its share of investment was to have been 20.7 per cent, the largest single allocation to one where p sector. Industry provides jobs intense. about 12 per cent of the work-

the sconony, has been subject with 30 per cent in 1974.
The official flights of fantasy At the same time the process. when long-term investment has of shifting these exports from poeen considered. For example, the official rate to the more when President Sadat unveiled realisic parallel exchange rate his so-called Carter Plan for for th Egyptian pound (com-

GROSS VALUE OF INDUSTRIAL PRODUCTION 1974-1978*

and the state of the first state of the stat	٠.				Jan	L-Sept.
the state of the s	1974	1975	1976	1977	1977	1978
Spinning and weaving products	603.3	690.2	755.8	836.5	625.9	759.0
Public sector Private sector	458.2 145.0	503.9 186.3	563.1 192.7	641.1 195.4	471.5 154.4	594.5 164.5
Foodstuffs	608.6	698.0	774.8	845,9	653.7	706.5
Public sector Private sector	481.6 127.0	548.4 149.6	591.7 183.1	667.3 178.6	503.5 150.2	561.9 144.6
Chemicals	195.5	267.4	232,3	279.2	185.9	221.9
Public sector Private sector	153.4 421	207.1 60.3	180.4 51.9	202.4 76.8	147.0 38.9	163.2 58.7
Engineering and metallurgical products:	319.6	385.5	446.2	541.4	391.6	461.7
Public sector Private sector	271.0 48.6	337.9 57.6	381.2 65.0	471.2 70.2	337.6 54.0	406.4 55.3
Building materials	72.1	93.4	20.2	26.9	16.4	20.8
Priblic sector Private sector	59.3 12.8	76.8 16.6	20.2	26.9	16.4	20.8
Mining products (public sector)	5.7	7.0	7.7	8.3	6.0	7.3
Woodworking products (private sector)	39.3	39.8	60.4	75.0	39.3	41.0
Leather products (private sector)	60.2	86.6	162,2	170.5	127.2	128.9
Total	1,904.3	2,267.9	2,459.6	2,783.7	2,046.0	2,347.1
Public sector	1,429.3 475.0	1,671.1 596.8	1,724.1 735.5	1,990.3 793.4	1,465.6 580.4	1,733.3 613.8

* Covers only industries under the supervision of the Ministry of Industry and Mining Source: Ministry of Industry and Mining

industry, of which \$3.7bn was previous for spare parts and the remaining major part mainly for investment in existing projects, to modernise equipment in nearly all industries but with particular emphasis on the spinning and weaving and mining sectors. emphasis on the comthemerelopment plan for 1979-83 of nationalisations of the 1960s,

In exports, industry suffered setback in 1976, partly because of the cancellation of a number of bilateral arrange ments as Egypt tried to direct its exports more towards conmarkets. currency where price competition is more This redirection has for about 700,000 people or continued and two thirds of exports of industrial goods are now destined for convertible

pleted by February 1977), proeconomy, as much as \$12.3bn vided exports with an 80 per was to be earmarked for cent premium over their stimulus, combined with higher industrial output, resulted in a 20 per cent increase in industrial exports in 1977, and the further improvement in 1978. However, the final 1978. However, the final the further improvement in A similar unification of the exchange rate (fixed at the beginning of the year at about 70 cents to the Egyptian pound) may make industrial

> and it is now generally accepted that heavy industry and sectors of social benefit will remain in chairman of the Development the public sector, leaving competition from the private sector to medium and light industries. which employs 40 per cent of all industrial workers in this sector. Capital investment has been rising slowly, from E£100m in 1970-71 to E£180m last year. The number of licences granted by the Public Organisation for Industrialisa-tion has risen from 314 in 1970 to over 800 last year, with a notable leap through the 700 mark in 1975, the year after President Sadat's "open door" policy was announced.

private sector rose by 31 per from E£793.4m to Ef1.04bn. The largest sectors were spinning and weaving (E£299m), leather (E£249m), and foodstuffs (E£202m), but the swiftest expansion was experienced in the electrical, leather, woodworking and metallurgical industries. Exports rose in 1978 by 3.1 per cent from E£43m to E£44.3m. But perhaps

significant and ning to flourish under competition. According to Abdel-Hamid Industrial Bank, the only bank concerned with medium and light industrial development private Sector industrialists are changing their habits and moving out of more immediately lucrative sectors such as tourism (particularly after the slowdown) and traditional industries such as weaving and textiles to more sophisticated areas such as circuitry, capital the food and food-processing industries.

A.McD.

CONTINUED FROM PREVIOUS PAGE

Minerals, International Maritime of Switzerland and two with CFP are expected all in he Gulf of Suez EGPG is soon to auction 17

concessions in Northern Sinai, both on and offshore, beside 12 others which were auctioned off in-1976, soon after the second disengagement treaty with Israel made them available Officials speak hopefully of Sipri's prospects but admit that mish will depend on whether Israel will share information. betwise seismic work will have to start virtually from scratch. Under the agreement with EGPC foreign oil companies are made responsible for all prossetting, and once oil is found, part of production is earmarked for cost recovery. Usually the company commits itself to a minimum level of xpenditure over a period which averages between seven and 12 If a commercial discovery is made, production is

operations is recovered from the proceeds of between 20 and 40 companies to the Western Desert). If actual expenditure exceeds this limit, the balance is transferred to subsequent periods. If it falls short the Temainder is either shared between EGPC and the foreign partner or fully paid to EGPC. This portion is known as "cost oll," the remaining "profit oil" is shared between the Government and the company on an agreed basis, usually between 75 and 37 per cent in favour of the for crude for the agreement

WARD IN 198

While the Government is quarter). fully satisfied with this sort of alrangement, under the impact member of souring oil prices, the companies are becoming less so, arguing that the incentive to keep costs down has been diluted and that in any case

('000 metric tops) First half 1978 5,045 - 197 3,581 9.398 4,191 7.037 3,432 3,432 (2,810) (622) 4,100 4,100 (3,104) (996) Crude petroleum 4,666 (2,398) (2,268) -2,317 7,739 (5,981) (1,758) (5,619) (1,125) -1,566 (-927) (1.342)(1,009) Partners' share* <u>(</u> (-) (2,454)945 1,178 --233 (--) Petroleum products 759 916 910 -157 Of which: grants Memorandum item Purchase of crude petroleum from 1,381 406 719 114 partner companies Excludes cost recovery crude exports. † Excludes purchases from partner companies which are detailed in the memorandum item. Source: Egyptian General Petroleum Corporation.

TRADE IN CRUDE PETROLEUM AND PETROLEUM PRODUCTS, 1974-78

bargain it once was. The massive rise in oil prices undertaken jointly with the and the inconsistency of the Government and expenditure spot market has made precise on exploration, development and calculation of Egypt's oil income difficult. At present, oil is split in three different direcper cent of oil production or tions. About 40 per cent goes actual costs. (Sixty per cent is for local consumption. Thirty now being offered to attract per cent goes to foreign companies as part payment for their agreements (a certain proportion is often sold back to the Government). Another 30 per cent-about 150,000 b/d is thus left for export. All Egypt's available crude for 1979 was auctioned to some nine com-

production sharing is not the

panies, mainly in Europe, last December, and their pricesoften quantities as small as 5,000 b/d have been changing almost on a daily basis. (Prices CVETY changes

Thus Egypt, though not a sember of OPEC (and now expelled from OAPEC), has been taking advantage of the about 80 per cent flared off, but to keep as much in the ground OPEC rises and asking (and the Government is planning to as possible for the long term.

often getting) \$26.50 a barrel for build up the pipeline network

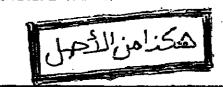
\$32.50 for lighter 82.7 degrees API Morgan crude, and \$24.50 for 22.50 degrees API Gharib crude. It is accepted that when normalisation in relations with Israel has taken place then oil will be available but subject to the same terms as any other ercial bidder.

rises in oil prices, it has inevitproducts imports—in the case of naphtha something like \$400 a ton, and this has cut into the net surplus that it had hoped to gain.

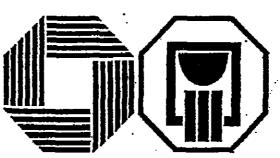
able hopes are being placed on gas, whose reserves were estimated in 1979 at 71.4m 26 degrees API Belayim crude, to bring this gas both to indus-

trial zones around Suez and to

In the short and medium term Egypt is pinning its hopes on raising oil production on the Gulf of Suez. But there are doubts whether in the longer term it will be able to sustain But while Egypt has un the main burden of the increase doubtely benefited from the towards 1m b/d. Thereafter it will depend on the Western ably had to pay more for its Desert and perhaps Sinai. But some disquiet is already being expressed at the fact that the policy for the past two and a half decades—that of exploiting oped to gain. reserves at the maximum rate in the longer term, consider possible to generate hard currency—is being pursued with out sufficient thought for conser vation. While a committee has tons. Natural gas production been set up to study alternative from the Abu Madi field in the sources of energy, some officials delta and Abu Gharadiq and are wondering—even at a time Abu Kir fields in the Western when the pinch of the Arab Desert is about 2m tons a year boycott is being felt—whether and is being used to fuel indus- it would not be more prudent try in the area. Associated gas to produce sufficient oil just to in the Gulf of Suez is currently cover the import of products and



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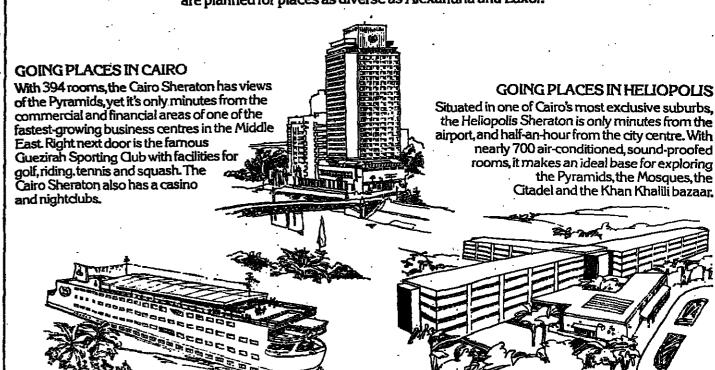
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Food gap is widening

AGRICULTURE REMAINS the since the price paid by the Govmost important sector of the ernment is on average between Egyptian economy, but its 20 and 50 per cent lower than contribution has been declining, the market price. To compensate particularly in the past few for this the farmer receives free years. Its share of GDP has water and drainage along with declined from 34 per cent in 1956 to 31 per cent in 1975 to 25 per cent last year. Meanwhile the population which prices. Egypt has to feed is increasing at a rate of around 1m or 2.5

The biggest problem facing Egyptian agriculture, and indeed the economy as a whole, s this widening food gap. Population and consumption are increasing at a faster rate than both agricultural production and export earnings. As a result Egypt is now spending twice as much on agricultural imports as it earns in exports.

per cent a year.

the early 1970s Egypt's agricultural imports averaged \$300m. By 1974 the country was running a deficit on its agricultural trade, and in 1977 was importing \$1.8bn-worth, while exporting only some \$1.1bn. Last year the import bill rose again to \$2bn, while exports stagnated at the \$1bn mark where they have been for

the past few years.

The Government has made ood security the priority of its current five year plan for agriculture. Its aim is to im-prove output through "horizontal growth" by expanding the area under cultivation, through vertical growth" by increasng productivity and through mproved livestock production. Since less than 4 per cent of

the country's land is cultivable: mounting to some 6.2m feddans 6.4m acres). Egypt's only means of increasing the area under cultivation is through land reclamation, in which it has been investing heavily. Since the late 1960s, when the Aswan High Dam was built, it has reclaimed some 912,000 feddans, and under the current plan it aims to add another 657,000 feddans. But experience has shown that this exercise has been more costly than anticipated. The results, too, in terms of yields are very disappointing. "new lands" contribute only some 2-3 per cent to agricultural output. In addition, some 20,000 to 40,000 feddans of the cultivable land are lost each year to housing and industry.

Another constraint is poor drainage, affecting 80 per cent of the land, which ironically has been the indirectly result of year-round irrigation provided by the High Dam. It has produced a steady rise in the water table, resulting in waterand thus reduced productivity of the soil. It is estimated that improved drainage could increase productivity by 21-30 per The Government currently undertaking a major tile drainage programme covering 5m feddans, which will not, however, be completed until at

The prospects for improving productivity through vertical growth are also limited given the agricultural system. Production is essentially in private hands, with the Government exercising its control through crop quotas for what it regards as the essential crops. It dictates either the area to be planted and sold to the Government, as in the case of cotton, or the output per area to be sold to the Government. In both cases the farmer receives a guaranteed fixed price for these amounts. The main crops governed in this way are cotton, rice wheat and lentils and

But far from promoting the growth of these crops, the system acts as a disincentive

G

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the market price. To compensate subsidised seeds, fertilisers and pesticides, but these by no means make up for the lower

In an attempt to counter criticism of its pricing and quota policy the Government raised the price of six of these essential crops in January of this year by around 30 per cent. It is, however, too early to see whether this has proved a stimulus.

Output figures for 1978, meanwhile, give little indication that the Government's target of achieving food security will be met, agricultural output as a whole was up only 1.8 per cent in value at E£2.85bn (£1.8bn), while production per capita was down slightly.
It was an unusually good year

for cotton, the chief export crop (dealt with elsewhere in this survey). Cereal production also increased, with output of the (maize) and rice up 12 per cent. But, with the exception of corn, this was largely a return to 1976 levels after the depressed output of 1977.

Wheat is used primarily for

making bread, which is the most important item in the diet. The price of bread is heavily subsi-dised so that it is sold at less than a third of the cost. As a consumption has increased at the rate of 8 per cent a year. Consequently the flour is expanding rapidly-

kg (5,063 sacks) a day. Wheat consumption last year is put at 7m tons, a rise of 15 per cent, but only 2m tons of this was produced locally despite the fact that more land is being devoted to wheat at the expense of cotton-up from 1.2m feddans in 1977 to 1.38m last year and 1.4m this year. Thus Egypt only produces some 28 per cent of its wheat needs. become self-sufficient it would have to devise at least three times the land to wheat that it does now, which would amount to 60 per cent of the cultivable land.

Yields

Egypt, therefore, has to import increasing amounts of Argentina, Australia and Uru-wheat—up from 2m tons in the guay. This is sold at a subsi-early 1970s to 5.1m tone last dised rate under ration. year, most of it coming from the

But although Egypt meets only 28 per cent of its wheat needs, it is over 80 per cent selfsufficient in maize, which is the staple diet of the fellah (peasant) and is used in bread-making as well as for cattle and poultry feed. Last year pro-3m tons as a result of abnormally high yields and an increase in the area planted. This was the result of the abolition of subsidies on imports in 197, which pushed the farmer's price up 50 per cent-no quotas

or prices are fixed on maize The rice crop is important to the Government both because it is popular in the urban areas and because it is exported. But due to the low Government price the area planted was down 4 per cent last year, though good yields held production at the 197 level of 2.3m tons. The Government has now increased the price by about 30 per cent. but at E£65 a ton it is still less than the farmer gets for maize. the increase

Helwai

Luxor

Aswan

Yadi Halfa

Egypt is now self sufficient in fruit and vegetables and has been able to export increasing amounts. Orange feddans rise in the area planted and output of 2.4m tons this year, which should produce some 100,000 tons for export. But it seems likely that before long

Egypt will become a net rice

importer as consumption outpaces production.
Soyabean is a relatively new crop which the farmer is allowed to substitute for cotton in quotas. Since its returns are higher and the labour requiredemand for wheat and wheat ments lower, it has proved popular, so output last year rose public sector bakeries recently to 79,000 tons from 26,000 tons increased capacity from 360,500 in 1977 and is likely to be kg (5.063 coaks) a day to 506,300 in 1977 and is likely to be kg (5.063 coaks) a day to 506,300 in 1977 and is likely to be in 1977 and is likely to be 100,000 tons this year. It is currently grown as poultry feed, but as output expands it is expected to be used for providing vegetable oil. Egypt currently has to import 75 per cent of its oil needs since it

produces only some 100,000 tons

from cotton seed. While cereal output has at least recovered to 1977 levels, livestock production, with the exception of poultry, is declining. Last year red meat output totalled 328,500 tons, mainly from buffalo, cattle and sheep. But as per capita income rises, consumption, though still low in relative terms, is expanding to reach 441,000 tons last year, so local output was supplemented with imports of 113,000 tons of beef mainly from

The main limitation on livestock output is the lack of pasture land and shortage of feed. especially in the summer months. During the winter more and more land is devoted to feed crops such as berseem (clover), grown on the same areas as cotton in the summer. But as this reduces the land duction was up 17 per cent at available for basic food and cash crops, further expansion is limited. Another factor affecting meat output is that farmers still use their animals to work the

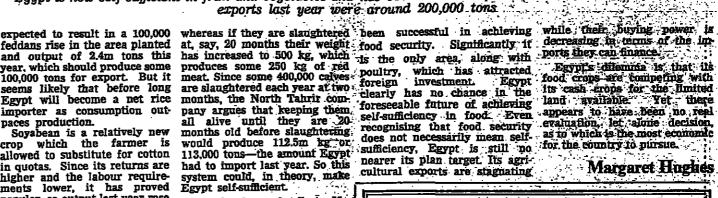
Efforts are being made to step up production both of meat and milk, in which Egypt is also deficient, through importing Friesiau cows and by crossbreeding local herds with imported semen. done, for instance, by the North Tahrir Agricultural Company. which is also trying to persuade small farmers to delay the slaughtering of young buffalo calves.

farmers tend to kill the calves when only two months old. But is at this age they weigh only 50kg,

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But despite such efforts, Mr. Mohamed el Salhy, first Under-Secretary at the Ministry of Agriculture, says it will take Egypt another 15 years at least to become anything like self-sufficient. He regards poultry as the best means of increasing meat protein. Poultry production has been steadily increasing over the past ten years, with meat and eggs output virtually doubling to 115,000 tons and 1.9hn eggs last year. Even so, Egypt still has to import frozen poultry, and the current year's

estimate is 20,000 tons. Fish is potentially a relatively cheap source of protein in Egypt, but so far little has been achieved in either promoting consumption or boosting output. Under the current plan, however, efforts are being made both to expand the capacity of the fishing fleet and to set up fish farms.

A much more successful secfruit and vegetable growing. where there is no Government control or price fixing, except at the retail level. farmers are able to grow three crops a year with high returns. they are devoting more and more of their land to these crops. The land used for vege-tables has increased from 670,000 feddans ten years ago to 915,000 feddans last year, which is to be increased to 970,000 feddans this year, while the orchard area has expanded over the same period from 208,000 feddans

feddans. As a result Egypt is self-sufficient in fruit and vegetables and is able to export an increasing amount, mainly to the EEC and the Middle East. The main vegetables exported are potatoes, of which around 166,124 tons are exported, and onions of which 80,900 tons are exported. The main fruit export is sweet averaging around 200.000 tons a year.

Fruit and vegetables-the very area over which the Government has no control or direction—appears to be the only sector where Egypt has

Egypt's different is that its

food craps are competing with its cash crops for the limited land swallable. Yet there appears to have been no real evaluation, let alone decision, as to which is the most economic for the country to pursue.

Margaret Hughes

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Historical Outline

Length

following the October 1973 war.

Breadth between buoys

Permissible draught

73,826

Permissible speed

Cotton

Too little available

for export

FOR OVER a century Egypt's yield over the past five years, devoting more and more of economy has revolved around But no real prediction can be influence on both the country's Hegazi and Dr. Abdel-Latif Issa, economic and social life. Coton has been the farmer's main source of income dictating crop present condition of the crops and land allocation. It has been the chief made until August. Both Mr. able crops, particularly fruit control and marketing studies on the farmer is liable to a fine if he does not fulfil cost of its raw material on the present condition of the crops is its annareable fairly easy in the industry itself including rotation and land allocation. It is the commodity around which

the rest of the agricultural sec-

exchange earnings, though it

has been declining while at the

As a result the amount avail-

tons) were exported the volume has been more than halved so

passed expectations to the tune

of 1m cantars despite an almost

planted. Production totalled

feddans, compared with 7.76m

cantars from 1.42m feddans in

But this performance is not

Ezz el Dine Hegazi, president of Al Kahira Cotton (one of

Egypt's six cotton exporting companies), last year was "one in a 100" when all the condi-tions necessary for optimum

cotton production came right. The area planted this year is

about the same-1.2m feddans-

which is expected to produce

7.5m cantars, the crop estimate being based on the average

8.8m cantars from

the total...

cantars

tor—still the main element in the Egyptian economy—has How developed. And through textiles weather However Mr. Hegazi said that weather conditions during the production it has provided the main stimulus for Egypt's industrial development.

Cotton's role has been equally important externally. It has been the main source of foreign ture had reached 40 degrees the main source of security days when the temperature had reached 40 degrees

exchange earnings, traditionally accounting for 50 per cent or more of the total. In 1977 it was centigrade. When temperatures rise above the 38 degrees mark at this stage it can interfere with polovertaken by petroleum as the lination affecting boll formation, chief export earner, but it

nevertheless remains an import- which could result in a smaller ant factor in Egypt's foreign crop. But more of a problem than yields—Egyptian yields are development. But it is both a among the highest in the world slow and costly process, and,—is the reduction in the area in the meantime cotton condevoted to cotton planting sumption by domestic textile now accounts for only some 25 per cent of exports. Cotton is still by far the largest agricultural export, representing between 60 and 75 per cent of coupled with the increasing de-But at a time when world is swinging back

towards natural fibres, in an tion that is surplus to domestic admittedly depressed fibres requirements, market, Egypt's ability to benefit Egypt's handicap is that it is being limited by the reduc- only has some 6.2m feddans of tion in quantities available for cultivable land—4 per cent of export. The reasons for this are the land area. With a populatwofold. In the first place the tion increasing at the rate of area devoted to cotton planting 1m a year, there is an ever expanding demand on the land same time domestic consump- available for food crops. The tion by Egypt's own textile emphasis of the current five-industry has been increasing. year plan is "food security." Added to which there able for export has been steadily further pressure on land for 6.01m metric cantars (301.840 development, tons) were expected the industrial

that in 1977-78 only 2.49 cantars Obliged

were exported. Last year, however, the quantity contracted for export increased to 3m cantars earning E£135m (\$192m), but this was due to in recent years, so that nowa-days about 20 per cent of the 27 per cent of cotton output, cultivable land is devoted to but by 1973 this had risen to the unusually high yields of last year's crop. In the current marcotton during the summer 41 per cent and last year was months compared with about 30 up again at 60 per cent. Last per cent previously. The land area devoted to cotton crops is and this year ronsumption is keting year (1979-80) the amount for export is expected to be 10 per cent less at 2.7m The yield last year was a determined by the Government expected to be 6.2m cantansrecord 7.38 cantars per feddan (1.038 acres) compared with 5.46 the farmer is obliged to devote It now uses all the medium cantars in 1977-78—an average a fixed amount of his land to stapled cotton produced in

sell all his production to the with increasingly large quanti-Ministry of Agriculture at a ties of the top quality long 17 per cent reduction in the area which represents only about 20 The problem is that the end per cent of the export value, product is at the lower to the previous year—a 13 per cent drainage and irrigation, while which loses Egypt valuable increase.

other inputs such as seeds, fer-export earnings for its cotton tiliser and pesticides are subexpected to be repeated in the sidised. They are also allocated uncompetitive current year. According to Mr. and distributed by the Government.

But the farmers would prefer

good in terms of insect and pest it is apparently fairly easy to control, though there has been boll weevil activity in some with better incentives, the

cotton exporting companies argue, the farmer would voluntarily devote more of his land to cotton and put more effort into his crop so that both yields and quality would be improved. Somewhat belatedly the Gov-ernment appeared to be taking a step in this direction by announcing a price increase of almost 30 per cent in January this year. This brings the average price - which varies with grade-up to about E£281.5 a ton (\$402). It is also investing heavily in land reclamation to free more land for agricultural

industry is increasing rapidly. mand of the local textile The industry itself developed industry. The cotton companies as a natural progression from are only able to export produccion growing and dates back cotton growing and dates back to the 1920s. Then production was geared to the local market, but by the 1950s output was higher than domestic demand could absorb and so the producers turned to exporting. This is a side of its activities which has taken on increasing importance as another source

of foreign exchange earnings. Exports, which totalled only 840 tons in 1949, were 53,550 tons last year, representing 41 per cent of total output and earning E£137m. The forecast for export earnings in the current year is E£165m. But this expansion has also

brought its problems-both for As a result the amount given the industry and the raw cotton over to cotton planting has exporters. As the industry exfallen from 1.7m feddans in the pands so too does its consumptions of Equation 1.7m. the industry and the raw cotton 1950s and 1960s to about 1.2m tion of Egyptian cotton. In

a fixed amount of his land to stapled cotton produced in which is about a third price fixed by the Government staple and extra long staple. Against this the farmer gets free medium end of the market, and makes the textile product markets.

There have been attempts to solve the problem. Industry, to pay the market price for backed by the cotton exporters, these inputs and be paid the have wanted to import cheaper market price for their crops. short staple cotton, but this was This would also ensure that prohibited by law, mainly they obtained there inputs in because of fears that the local the quantities in which they are cron would be open to contamineeded and at the time when nation by insects and pests they are needed—which is fre-brought in with the imports. So quently not the case at present. in 1953 the Cotton Consolidation
The result is that farmers are Fund was set up. Its function

the industry itself, including the cotton spinners, and makes up the difference between the cost of Egyptian cotton and the cost of the cheaper varieties used by its competitors, which

is up to 40 per cent cheaper. However, this did not solve the problem for the cotton exporters, while the amount of funds involved has increased rapidly. Eventually the Government was persuaded to import some short staple cotton to free more Egyptian cotton for export and at the same time make the textile industry more competitive in real terms.

Strict

This was started on a trial basis five years ago and then in 1976-77 some 100,000 bales were imported. Most of it comes from the U.S.—financed through USAID, the Commodity Import Programme (CIP) and Arab funding—and from Sudan through oil barter deals. But it is allowed in only under the strictest regulations. In the first place the cotton has to be fumigated both at the exporter's end and at the Egyptian end, and it can only be used by mills which are at least 30 km away from cotton growing areas. This means that it is only used by mills in the Alexandria area, which constitute some 40 per cent of the textile industry.

The amount imported has been gradually increased to about 154,000 bales last year-593,000 cantars. This year imports are expected to be around 1m cantars since cotton production will probably be lower while industry's requirements will be up.
All textile products produced

from this imported cotton have to be sold locally so that the Cotton Consolidation Fund still operates for exported products. The textile industry is currently going through a period of rejuvenation and expansion involving an anticipated 50 per cent increase in output. The five year plan aims at lifting production by E£448m a year by The farmer is then obliged to of the total output, together 1982 and exports by E£136m a year. Given the limitations on cotton availability, the industry is stepping up output of synthetic fibres from a current 12,000 tonnes a year to 25.000 tonnes by 1980 and up to 50,000

tonnes a year by 1985.

Even so if Egypt is not to jeopardise its cotton export potential the pressure on the Government to allow much larger imports of shorter staple cotton must increase. And indeed the Ministry of Agriculture is understood to be studying posible methods for transporting the imported cotton to the mills in the cotton growing areas in such a way that there would be no possibility of contaminating the local crop.

Margaret Hughes

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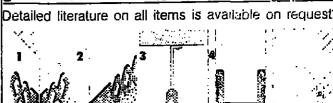
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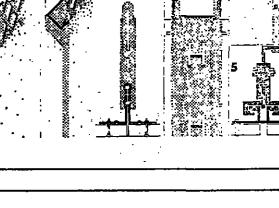
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First Stage: runt stage: Scheduled to be accomplished by mid-1980, and sims at stepping up the wet cross section area to about 3,700 square metres and the permissible draught to 53 feet; thus allowing vessels up to 150,000 tons to transit fully loaded, and up to 370,000 tons in ballast. Second Stage:

Aims at stepping up the wet cross sectional area to about \$2,000 square metres and the permissible draught to 67 feet; thus allowing vessels up to 250,000 tons to transit fully loaded and up to 700,000 tons in ballast.

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The Giant Project in figure	res.	
	Volume Ex	ecuted till
Item	Total	1.6.79
1) Dry excavation work (million		
cubic metres)	S8.6	
Dredging work (million cubic metres)	560	64%
3) Decantation basins (million		
cubic metres)	11.7	94%
4) Removing old revetments (kms.)	131	-80%
5) Constructing new revetments (kms.)	141	83%
o, comments and 1000 1000 (1000)		

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Mahmoud Yonis	Cutte	r suction	25.30	800	197
10 Ramadan			19.00	400	195
26 July	. 19	,,	18.00	700	195
Khofo		. "	21.00	800	196
Nevertiti	77	,,,	8.00	60	196
Zenobia		r	18.00	200	196
1st September	97	17	18.00	200	197
Tarek Ibn Zeyad		.,	30.00	1,800	197
Khalid Ebn Al-Walio	1	. "	30.00	1,800	197
Ramsis		,,	18.00	620	195
Salah El-Din	,,		30.00	2,200	197
Khafra		Bucket	14.00	200	191
Mina 1	1	11	24.65	300	197
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PRESIDENT SADAT'S economic from the cramped offices of the liberalisation has opened the el Shams company in the long-closed Egyptian market to international builders, designers and engineers. Before 1974, are the Saudi financier Mr. scarcely a foreign contractor could be found operating in Egypt. Now, the giant cranes of Riftish American Italian. of British, American, Italian, pany.

seace initiative and open-door a drawback on occasion. Suit-

two main sources: the petroleum exporting states and aid programmes. Arab investors are backing many of the hotels, luxury apartments and office buildings going up in the Cairo and Alexandria areas.

economic policy.

So far British companies have office and residential complex. Arab J. Jarvis and Sons (UK) is putting up the \$6m Sarwat office

Construction

International market

To lower their tax profiles, Swiss and South Korean firms. To lower their tax profiles, to name a few, stalk the Cairo many developers and inter-To lower their tax profiles, are Arab funded, the nasty many developers and inter-national contractors form joint between Egypt and most other to name a few, stalk the care of the need to erect office space, housing and hotels fast spurred the decision to admit outsiders the Egyptian construction industry. Already, it is customs exemptions on building materials withdrew his financing from a financing low income dwell-ings. Little mortgage money is Egyptian building industry slow ventures approved by the some Saudi decision to liquidate the out through informal systems and antiquated. International times whimsical investment talent had to be introduced if Authority. A rule that Law 43 concern, the Arab Organisation Through regulatory means to see a construction companies must be for Industrialisation (AOI). The Government is trying to apply from Mr. Sadat's Oper cent Egyptian owned is affected two AOI-employed channel private funds into low late President Nasser left the holidays for Egyptian-foreign Cairo's Zamalek district. The available. Credit is parcelled able Egyptian partners are Laing and Cementation Inter-Financing for international projects in Egypt has come from tracting was virtually banned during the Nasser years, private Egyptian contractors experience.

Attitudes

International companies working in tandem with some won the lion's share of private of the Government-owned conconstruction contracts. For struction giants have been example, Higgs and Hill (UK) hampered by casual attitudes has just completed the twin 38 toward payments and building the \$72m Cairo Plaza lic sector companies as the (Osman Contractors Hassan Allam have established of Egypt's leading individual Other factors that hinder the in the industry slowed to 4.7 property developer. Wagnih Egyptian construction industry per cent, down from 12.3 per Hamdi. Mr. Hamdi controls at include customs snarl-ups and cent in 1977. The Ministry puts least \$200m worth of projects an inadequate supply of cement: the market size for 1977 at

As many Egyptian projects British construction firms, John national. Both are now reported to be back at work, but the apartments and five star hotels. future of the AOI plants The 1979-83 five-year plan calls after the recently announced for public expenditure of \$715m Egyptian takeover is uncertain, on housing. many expatriate builders in Cairo are pessimistic about lateral aid programmes operatchances for more Egyptian

contracts. A few optimists like the American Mr. James Cosgrove, chairman of Cosmer International, point to Egypt's massive housing shortage and instorey cores of Cairo's tallest schedules. However, such pub- adequate supply of mediumpriced hotel beds as guarantees of a rosy construction Ahmed Osman and Co.) and future. But calculations based on Ministry of Planning statisblock in downtown Cairo. Both private branches to try to cope tics for the first nine months structures belong to the empire with the new economic climate. of 1978 show that real growth tics for the first nine months Other factors that hinder the in the industry slowed to 4.7

The housing deficit, estimated by a U.S. financed study at 500,000 units for Cairo alone. has become a major political liability. Mr. Cosgrove things tunnel form and other rapid building methods are the only solution. He says they are now cheaper and faster than the traditional Egyptian techniques,

and medium priced housing, office buildings and three star hotels at the expense of luxury

The giant western and multiing in Egypt are cause for some optimism. The U.S. Agency for International Development (USAID) alone is now commit-Development ting \$500m a year to Egyptian project support. Plagued by poor performance by Egyptian contractors on such projects as the Suez Cement plant, USAID plans to tender more construction to American companies and to seek more American management participation. German officials express parallel intentions for their assistance

Tourism

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Squeezed from two sides

A YEAR ago getting a hotel bed guests (against a previous 50 in Cairo was a major feat against per cent). But during a 31 week the challenge of year-round stay in Egypt during July I saw occupancy of 98 per cent. This is still largely true for the deluxe hotels, but for hoteliers in the four-star category and under those days are gone.

These hotels are now operating at 60 per cent occupancy— the generally acknowledged break-even point—and often below that. Such is their problem that cries for help are going out to travel agents, taxi drivers, airport staff, anyone in an cffort

to drum up guests.
Egypt's tourist industry is being squeezed from two directions. On the one side is the economic boycott by Arab countries opposed to Egypt's peace treaty with Israel. On the other is the hotel building fever which has gripped Egypt, and Cairo in particular.

Egypt has traditionally been popular holiday location for Arabs, the attraction being its more comfortable climate, common language and more liberal environment with its casinos, nightclubs and other pleasures. Until quite recently Arab tourism to Egypt had been growing at around 15 per cent a year so that Arabs accounted for over 56 per cent of tourists to Egypt and about 70 per cent of tourist

Since 1973 the oil-rich Arabs have been a lucrative source of business and were expected to remain so. But that was before President Sadat's peace negoti-ations with Israel. In the month following his historic visit to Jerusalem there was a 35 per cent drop in the number of Arabs visiting Egypt compared with the previous year. This re-sulted in an 11 per cent drop in Arab tourists in 1977 as a whole from the 1976 peak when 534,531 Arab tourists visited Egypt. But still the number of big-spending Saudi Arabian visitors continued to rise sharply —up 32 per cent.

Recovery

Last year there was a further decline of 4 per cent in Arab visitors. Then in the first quarter of this year there was some recovery-a 14.3 per cent rise on the same period of 1978. But April, 1979—the 1978. But April, 1979—the April and May downfurn month after the signing of the peace treaty—brought a sharp the first five months to 7.4 per reversal with a 22 per cent cent. The Arab desertion in the decline on the previous year's peak season is likely to put paid total. This time the number of saudis, who unlike their fellow undoubtedly have an adverse effect on tourist receipts this come in droves to Egypt. also registered a fall of 33.9 per

July and August form the main season for Arab tourists when Cairo's hotels, apartments. car hire companies and tax's overflow with Arabs. There is a long-standing joke in Cairo that during these months the only chance of picking up a taxi is to sport a kuffiya (Arab head-

But this summer the kuffyia is noticeable only by its absence. The management at that refuge after oil, cotton and workers' for Arab tourists in Cairo, the Sheraton Hotel, claims that, in June, Arabs still represented 29.6 per cent of their hotel

In a working paper submitted

to the Tokyo Summit outlining the effects of the Arab boycott, the Egyptian Government pre-dicted that tourist proceeds would probably be down by 50 per cent this year. Although expectations are that there will be sharp reduction, this forecast generally regarded as an exaggeration—as is the figure put on total receipts last year of \$1bn. The research and statistics division of the Ministry of Tourism calculates last year's receipts at E£480m (\$685.7m), representing a 10 per cent in-crease on the 1977 total.

Mr. Moustafa Zeitoun, director general of the division, estimates that receipts may well be up 8 per cent in the current year and anticipates a level of be-tween E£1.2bn (\$1.7bn) and E£1.4bn (\$2bn) by 1983

His forecasts are based on the fact that Arabs in any case no represent over half Egypt's tourists. Last year when the tourist total was up 5 per cent (and tourist nights by per cent) the Arab share had dropped to 45 per cent. increase in tourists from OECD countries, and the U.S. and Europe in particular, was 14 per cent, which more than made up for the drop in Arab visitors. And the Americans, at least, are reckoned to be good spenders, albeit not on the Arab scale.

But while it is true that the number of OECD tourists is continuing to increase it is at a decelerating rate. In addition tourists are staying for shorter periods and generally spending

In the current year there was a 13.3 per cent increase in tourist arrivals during the first quarter compared with a rise of only 5.0 per cent in the same period last year. But by April this growth rate had fallen back to only 1.8 per cent, while May registered a decline of 2 per cent-though admittedly neither month is in the high tourist season. So that while the year got off

to a relatively good start, the

At this time of the year it is still too early to assess how adverse the effect will beprobably not as great as the Government's prediction to the Tokyo Summit but worse than Mr. Zeitoun envisages-unless there is a surge in OECD tourists in the winter months. traditional Egyptian

Tourism is the fourth most important item on Egypt's export account, accounting for around 10 per cent of the total remittances. It represents over 14 per cent of commodity exports and almost a third of invisibles. Tourism receipts cover 15.5 per cent of the trade deficit and 16.5 per cent of the balance of payments deficit, so that a sustained downturn in the tourist industry would inevitably have a marked effect on the economy and on Egypt's development plans.

The more optimistic Egyptians believe that the Arab problem will resolve itself. They see Arah individuals returing whatever their Government's official line, while they arme that the attitudes may well soften too.

Compound

But the Arab issue is not Egypt's only problem, though it does compound the other. Under its five-year plan running from 1978 to 1982. Egypt anticipates a virtual doubling in tourists from the 1977 level of 1,003,936 to 2m by 1982-83, although this now seems to have been revised to nearcr 1.7m.

ber of hotel rooms by 17,000 according to Mr. Ezzat el Masry, market director-general of the Ministry of Tourism's planning department. But he predicts that in practice the number of extra rooms will far exceed this as a result of the current hotel build-ing boom. Mr. el Masry says that if all the new hotel projects are completed some 15,000 rooms will be added to Cairo's hotel capacity alone, almost double the plan target of 8,500. With or without the Arabs, Over 10,000 of these rooms in Cairo and its environs will be in the five and four star hotel cate-

In the past all the de-luxe hotels have been Government owned, usually through EGOTH, the Egyptian General Organisa-tion for Tourism and Hotels, and are managed by foreign com-panies such as Hilton. Sheraton and Meridien. Though EGOTH is continuing to build new hotels in this category many of the projects for hotels in this category are now being undertaken either as joint ventures with EGOTH or other Government companies investors, while nine projects in Cairo are entirely private invest-

Previously private investment was largely confined to the smaller hotels at the lower end of the market. But investors have now been lured into the top end of the business both by President Sadat's open door policy and by the outstanding tourism, since it will now have profitability of Egyptian hotels. actively to plan and market its Gross operating profits at 45 per tourist attractions. This is cent of sales are among the clearly the view of Mr. Alderahhighest in the world—the Cairo man Selim. Investments director Sheraton (owned by EGOTH). at the Ministry of Tourism. for instance, is the group's most profitable hotel anywhere.

The trouble is that too many have been lured at the same time. Even without the decline in Arab tourists, there would probably he too many hotel rooms in the de-luxe class, at least, in Cairo. If the Arabs stay away then the situation will be much worse. In official circles there is some relief that projects may be shelved through lack of investment-either because the Arabs are withdrawing their financial supoprt or because others will hold back until they are assured that the present situation is no more than a tem-porary hiccup.

Nost of the big hotels being

built with Arab finance are well under way and are expected to be completed. However, one project yet to be started is the 850-room joint venture Semi-ramis Hotel in Carro, which will be Intercontinental's first management participation in Egypt. This is being partially financed by Saudi funds, but although some doubts have been some doubts have been expressed there is no indication To cope with this influx it was so far that this support is being intended to increase the num- withdrawn.

But at the lower end of the there have instances where money has run out half way through construction, while in others the construction work as such has been completed but there has been insufficient finance for installing air conditioning and other services. Several companies are said to be in financial difficul-

Egypt undoubtedly has strong tourist potential and not just for its historical features. generally attract the more wellneeled and culturally minded American and European visitor. There is considerable scope for attracting the younger and medium income tourist to the cultural centres in Cairo, Luxor and Aswan. In addition there is scope—though not yet the facilities on any scale or the infrastructure-for recreational tourism. This would be based on the magnificent beaches and spectacular scenery along the Mediterranean and Red Sea

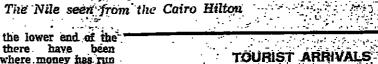
But although the potential is clearly there so too is the danger of attempting too much too quickly. The limited Governand trained staff available might best be used in improving the services and infrastructure of the existing tourist centres.

The loss of the captive Arab market must surely promot a reappraisal of Egypt's attitude to

Spread One of the problems is that

responsibility for tourism is spread among too many ministries so that there is little coordination or central planning. As he rifles through piles of conflicting and out of date documents and papers, Mr. Selim said he felt strongly that there was an urgent need to establish a central data bank on tourism. In this way, he argued, everything relating to tourism could be continuously monitored so that Egypt could effectively plan and market its tourist industry. He confirmed that the Ministry of Tourism was currently negoliating with a local travel concern to establish a consultancy which would set up on a day to day basis in all aspects of Expetian tourism. Egypt is clearly at a crucial stage in its tourism develop-ment where it has to take steps

to ensure that its rich tourist potential is used effectively to boost its ailing economy and benefit the country as a whole. M.H.



1977	Number of classics Arabs 1,003,936 474,946
January-March	1,051.848 455,000 218,741 77,191 87,830 - 27,492 79,853 32,234
1979 January-March April May Source: Ministry of Tourism	247,822 88,215 89,414 21,486 77,792 28,507

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current political and economic uncertainty within the region, it pays

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A truce at holiday time

Voting Patterns since 1953

ELECTIONS TO CHAMBER OF DEPUTIES: CHRISTVAN DEMOCRATS COMPARED WITH THE LEFT

CHRISTIAN DEMOGRATS

SOCIALISTS*

TTALY might seem the living taker cabinet of Sig. Giulio vindication of laissez-faire gone Andreotti) did, however, interwild to a casual observer. By the country will have ment between management and longest histus ever even by textile, building and other sec-Italy's extravagant standards, tors. Free, therefore, from the

Sig. Glovanni Agnelli, chair- month of August. mian of Flat and as such the figurehead of North Italian dented army of foreign visitors, and talism, remarked to his charefulders, last week that dalism, and fuel shortages, who dented to endow Italy intervene in the economy, currency tourist income this it has been totally indifferent year, of over \$60n. ils progress. As usual, he mit on things had been left or the Bank of Italy, at a time when the international outlook was steadily worsening.

Why not, one might ask. Despite the increase of the oil price despite the threatened reion in the U.S., economic growth this year is forecast to reach almost 5 per cent. This figure, incidentally, is higher than that foreseen last Jamery in the celebrated three year plan of Sig Filippo Maria Pan-dolf Treasury Minister, and shice Friday the third Prime Minister Designate in less than a month. His plan was an early asualty of the political crisis. almost every currency in ing, that other improbable cooling down).
star). Gold and currency re- The implication always is the exceed \$30bn (erowning delight for the be a holding solution, to allow monetary purists), the absence feelings to cool down, and the means that the public sector

son of Sig. Vincenzo Scotti, traordinary contortions which any lasting life. In the ran-really is ungovernable in every Labour Minister in the care-alone seem to be able to offer corous aftermath of Sig. Craxi's sense of the word.

been exactly six months with unions on wage contracts for out a government enjoying a the next three years, covering parliamentary majority. It is the 3m workers in the engineering, and tastament to the stalemate anxiety of a "hot" autumn of which now paralyses its politi- strikes and disruption, all can stream off for the holiday

are expected to endow Italy mment has not merely failed with its largest-ever foreign

Governo-ponte

Only the politicians remain condemned to the summer swelter of Rome as long as it takes them to agree on enough to provide a new government with sufficient votes to survive a confidence debate in parliament. The delicary of the process can be measured by the exotic ter-minology being bandied around. In the old days such operations were known as installing a governo-ponte or governobalneare, meaning bridging or beach government, while everyone was at the seaside. The trade balance is respect one Sig. Pandolf, is trying to able, payments are in solid sur-construct has been variously plus, and the lira outperforms dubbed di tregua (of trace), di decantazione (of decantation), Europe (except, of course, sterl- or even di raffredammento (for

same — that what emerges will be a holding solution, to allow of a functioning parliament to Christian Democrats, the largest Democrats and Socialists have to arrange the truce. If he does, wolfe new government spending party, to settle their own pronever been worse than now. Yet it will be because the politicians found internal divisions at their deficit, representing up to 15 party congress (which might per cent of GNP, might actually be a night of the long knives) decline this year. This demonstrates only too clearly the ex-

Italy a Government of any kind. Ungovernability is the inelegant word more and more used, denoting not so much that Governments hardly govern but

that governments can hardly be

formed at all. The dismal predictions that the General Election in June would settle nothing have erred only if possible on the side of optimism. President Pertini's bold choice of Sig. Bettino Craxi. second crack (after Sig. Andreotti, the careteker Christian Democrat Prime Minister) at putting together a majority had the desired effect of making hands—but at the price of exacerbating differences

Relations between Christian between the two if it is to have sequences, by proving that Italy

veto by the Christian Democrats, this looks remoter than ever.

Power is the goal of every political party, but by refusing to relinquish their 34 year grip on the prime nunistership, the Christian Democrats have reduced, for the time being at least, their chances of heading any "political" Government (as opposed to non-political government of experts). By far the biggest of the parties of Governthe Socialist leader, to have the ment, they remain vital to any solution. But they are no longer

big enough, or liked enough, to

impose their own. It may be that their congress will throw up a new leadership the various parties show their much more favourable to the idea of concessions to the Socialists, in which case a new start may become possible. Sig. Pandolfi may or may not be able never been worse than now. Yet it will be because the politicians assuming the Communists are exhausted, and, for all their remain in opposition, Italy's differences, conscious that eighth post-war parliament must another debacle could have unrest on some accommodation predictable and dangerous con-

in the two countries, and is

somewhere close to established

which management education.

London Business School.

Third London

Sir, — A potentially unjust omission from the article by

Michael Donne (July 23) about

the proposed third London airport is that Langley is really another name for Nuthamp-stead. The two villages are next

to each other and no more than

two miles apart. Langley/Nut-

hampstead has previously been

rejected as unsuitable for the

(Dr.) T. A. Lloyd Davies. The Old Bakery, Elmdon, Saffron Walden, Essex.

Regent's Park, NW1.

airport

change. Has not Italy been run chance of starting to put the on a hand-to-mouth basis for economy on a sounder mediumdecades? Are not the effective term footing. parts of the economy mostly those where the Government is such as it was, is already over. conspicuous by its absence? With the autumn there will what about the flourishing substart a new phase, of higher merged economy? Have pro-inflation and sluggish growth. grammes and policies in the giving way to virtual stagnation Anglo-Saxon sense ever counted next year. Higher prices will for very much? Indeed, is not cast a shadow over Italian com-

these points. Sig. Pandolfi, of choosing between policies to though, might prove different, support growth, and policies to if given the chance. He is firmly provide external stability. identified with a properly. The seeds of the trouble had planned economy. The rigour been sown before the oil crisis about his prospects of success. More important, though, is the accumulating evidence of the need to fill the six-month

In the first place, the political chaos is beginning to catch up now with the device of the Decree Law, long employed by Governments to make executive decisions without at once submitting them to an unpredictable parliament. Smaller groups like the Radicals, strengthened in the June election, have declared war on them. Without some form of order being restored to Parliament, a growing number of decree laws are likely to lapse after their initial

Inertia

60-day life.

Letters to the Editor

Second, it is doubtful whether even Italy, with its track record of supreme economic scrambling (to use the golfing metaphor), will remain immune from world economic problems much longer.

will reduce the damage. In the meantime many econoand great flexibility.

On top of this there are the problems with energy. The delay of the politicians in facing up immediately to changed conditions has contributed to serious shortages of diesel oil, in particular. Scarcity and the greater cost of energy are likely to Isco, the official forecasting force profound structural institute, in a report this week-changes on western countries.

The cynic might ask: so what? end bitterly attacked the inertia Life goes on without noticeable which has thrown away a rare

Its message is that the boom, the politicians' contact with the petitivity abroad. Instead of real life of the country limited doing nothing, the Government to the dispensing of patronage? is likely to face the dilemma There may be truth in all it has so far been able to avoid:

planned economy. The rigour property implicit in his three year programme is one main doubt (the other being Socialist misgivings about any Christian Democrat now running at 14 or 15 per cent, against 12 per cent last veer. Labour peace may prove to have been bought at a very high cost: Flat, the car group in the frontline of the bitterly fought metalworkers' negotiations, estimates that the contract will push up labour costs by 16 per cent over its three-year life (on top of the effects of the scala mobile wage indexation mechanism). It remains to be seen how much the commitments to higher productivity

> mists wonder whether the new contract, by reducing working hours and increasing the rigidity of industrial relations, may not give further impetus to the sub-merged clandestine economy. whose hallmarks are hard work

President Pertini: he made the parties show their hands

which in many cases only governments will be able to

Governments, too, are being ever more called upon to foster nology industries in which advanced economies increasingly will specialise. Changed world economic conditions can only cut into the time available to make these decisions. The sub- Government-any Government

nuclear power, for which there unreal Italy has an unrivalled appears no reasonable medium gift for muddling through, and term alternative, if a heavy dependence on imported oil is to be reduced. A scaled down programme, to provide 8,000 MW But both politically and in economic and the scale of the scale o of nuclear energy is bogged omic terms, the country down in bureaucratic, environmentalist and political morass. Resourceful the clandestine sector may be, but it has yet to show it can put up nuclear when the old is dead, and the

Even in the blazing heat of midsummer, the papers are full of gloomy talk about blackouts, heating oil shortages and the like for the winter which seems and promote the new high tech- a million years away. But the risks in both cases are demon-

strably real. These are the difficulties to which the politicians point, as they despairingly plead for a merged economy, by its nature. -to be formed-but find reason is beyond the reach of direct after reason for preventing it, official intervention. In the middle of the holiday fficial intervention. In the middle of the holiday For Italy the starkest issue is season it might seem faintly extricating itself from the inextricable. Crisis is the most overworked word in the language. measures up to the celebrated definition of a crisis by Antonio Gramsci, one of the founders of the Italian Communist Party: new cannot be born.

Cuts in public spending

From the Assistant General Secretary, National Union of Public Employees

Sir-Your editorial of July 25 states ; it was the trade union mbers who went on strike last winter and voted for Mrs. sideration by your readers? spirators on the National to strikers. If striking is to be Economic Development Council judged as in some sense wrong a plot to demelish public then there is a sort of justice expenditure entitled "Approach in recovering, sustenance in industrial strategy." Prominent members of the Parliamentary Labour Party, the entire Conservative Party, Cliff Dilloway.

**Entire Conservative Party, "Highernit." influential organisations representing private industry and a Gunhouse Lanc, few trade union leaders joined Bowbridge. the conspiracy with various motives and degrees of enthusiasm; Fleet Street gave its unqualified support.

This strangely assorted

ideological coalition not only argued that a reduction in public expenditure was neces From Mr. B. Spencer sary to meet the immediate Sir. — Our newly sary to meet the immediate Sir. — Our newly elected economic situation; it also considered the horrifying spectre to reduce public spenditure represented a threat to the democratic values of a pluralist social services, public authoric schools for each doctor produced by the medical schools. In Britain there is now going to be about one-eighth of an MBA each year for every cut-backs in education, health, social services, public authoric number of doctors expressed as

After many years of being told—by politicians of all parties—that the post-war Welfare State was the feature which From Mr. R. Beale marked Britain's superiority Sir,—Seventeen years in primarily responsible for nursover less developed nations voluntary, and unpaid, hospital ing and must not be expected to across the Channel or the management suggest to me that Atlantic, the British public became naturally alarmed to discover that, far from being a virtue, expenditure on community services was a sinister spending are looking at the transfer distance in t step towards dictatorship. They wrong end of the scale. You quote (July 21)

who define the balance of trade as the correlation between the

National Union of Public Employees, Civic House, Aberdeen Terrace, SE3.

Loans to strikers

recover "loans" made to they learn through experience, strikers. His comments, I sug- and they must not be burdened gest, arise from a too literal inwith work which can effectively terpretation of the expression be done by ward clerks.

PAYE in Samuel Brittan's There is much overlap to be

Proment made to a striker after questing the necessities to carry. Weybridge, Surrey.

pay packet that is recoverable selling off national assets. under this procedure. The regulations require the em-

over to the DHSS. extensively used. They are, Hampshire? however, essentially similar to In its de the widely used arrangements Thatcher in May" who made under the Attachment of Earnpublic spending an unpopular ings. Act. Professor Prest's free-spending Government; Mr. phrase in the British vocabulary. letter should not be taken as Heceltine will not yet have bad while I am ill-equipped to chalindicating that there are differ time to poke a stick in all the lenge such a penetrating politiculties in the mechanics of dark corners. tal analysis, may I present a recovering loans from strikers B. Spencer, counter proposition for con- after they have returned to Harestock Road, work. The problem of identify- Winchester, Hants. On Guy Fawkes Day 1975 ing dependants with a bread-Denis Healey and Eric Varley winner's employer does not exist presented to their fellow conif payments are made as loans spirators on the National to strikers. If striking is to be

" Higheroft.

A barracks at Winchester

he has returned to work and ties and rate support; it is with- a ratio per million population before he has received his first drawing aid to industry and does not differ very markedly

Is it aware that the Depart-

In its defence it must be stated that this scheme is one inherited from the previous

London Business School Sir. - Professor letter July 23 concerning postgraduate studies in manage-ment education draws attention to the recent cut-back in student grants. One dramatic consequence of this is the relatively low impact that such education now has in the British scene. For example, in the United States each year there are roughly 34 MBAs graduating from business schools for each doctor prograduating

out their work. Nurses are

cerned with bringing together all services and providing the

governors and management com-mittees came in and until some-

efficiency can never be achieved

nor the best made of available

resources. In mental hospitals,

where there is a community re-

mittee was described by Sir

of one such body, I can say

without fear of contradiction

that we saw more of the

patients, wards and staff than

As an example of the men-

operation of three amalgamated

ing the bospital service to the

Chimneys, 27, Oatlands Close,

does today.

That is where the board of

Administration or treatment?

facilities.

therefore chose as Prime
Minister a person who had Robson, chairman of the S.W.
demonstrated the value of private enterprise by marrying into
it.

If this proposition appears looked in the direction of the less plausible than that advanced in your editorial of the scale.

You quote (July 21) Baroness Regional Health Authority, as considering those effects inevitable, but has she less plausible than that army of professional administrators who moved in to replace the advanced in your editorial of tors who moved in to replace the July 25, perhaps somebody could now defunct boards of governors and management committees?

The splain why the Financial Times and management committees?

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The splain why the Financial Times and management committee was described by Sir Keith Joseph as essential for the cut of the splain why the Financial Times and management committees?

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The splain why the splain why the splain why the splain why the splain why the splain why the splain why the splain why the splain w patients; it could even improve it by eliminating some proceexposed area of female flesh dures. It could mean a saving on page three and circulation of some £2m a year by the removal of 250 holders of jobs invented with the "reorganisi-sation" of the hospital service but, strangely enough not missed before that disastrous

A complete overhaul of the "Salmon" structure for nursing staff would also result in more of the latter being available for the practice of their profession instead of wasting time on administration courses which peets in that their entire couphagovernment which appears bent do nothing for the patient. Only sis was on convenience of on investing a vast amount of Sir,—Professor Prest (July those in the direct line for administration and nowhere in capital (both in terms of consuming the PAYE system to musing staff, much of which the property of the part of t

original article:

The Department of Health biguities of the "Salmon" patients for and Social Security already has system. Doctors are responsible conceived.

Procedures for the recovery of for clinical decisions and through the procedures for the recovery of their medical committee for the Chimneys, 27. (Chimneys, 27.

ment of Environment and the international norms for medical ployer to recover the loan over Ministry of Defence are busy care, the relative MBA rates 13 weeks and pay the proceeds planning a new £15m barracks point up the low esteem in to be erected on good agri-The DHSS procedures are not cultural land — at Winchester, and indirectly industry and xtensively used. They are, Hampshire? commerce, is held in this

Management education

From the Deputy Principal Higgins'

A strong pound

site of the airport.

From Mr. S. Penwill Sir.—Industry is complaining that the strength of the pound is making exports difficult. Is not the remedy to increase production and reduce the cost per unit and so compensate; this should be effected by better management, more application to work by the shop floor or alternatively the replacement is of men by machinery. The choice is these—devaluation an admission of defeat. grossly over-manned administra-tive staff, which is primarily con-

Using waste heat

158, Fenchurch Street, EC3.

From Mr. T. Brewn. thing similar is reintroduced in each hospital group in place of a remote area health authority. Sir.-It is to be hoped that Mr. Cooper's plea (July 26), for a better understanding of energy logic, will be successful. Until his message is fully imple-mented in future policy there

is much we can do to improve the utilisation of current facili-In 1973, writing a humorous-technical article requested by a house magazine, I was surprised to find that if the Atomic Energy

thatching bouses instead of building nuclear reactors we any professional administrator should have been saving more energy from the improved thermal insulation than we were tality which guides the "re-feeding into the grid from organised" hospital service, I atomic power stations.

The simple lesson was that a recall being asked to study. The simple lesson was that a lengthy reports of the first year's given expenditure will have approximately five times the groups of mental and general energy value if spent on insulahospitals. I could offer only tion than if spent on power stations. This has not yet been were remarkable in two respatient appear even once! In the construction of more line the construction of more nuclear power stations. Such a Roison will look in the right direction she will not only find it unnecessary to think of falling standards and closures but of a uranium OPEC waiting to

she could be a pioneer in restor- emerge behind the oil OPEC. The factor of five could be patients for whom it was reduced to approximately two if the waste heat from power stations were usefully employed. The government's Energy Paper No. 9 proposes an R-D pro-

grantme on geothermal heat, houses four miles square. which could eventually be used for greenhouse heating and the food-canning industry. The huge quantities of heat currently rejected from power stations comprise a similar source already

available. If a pilot scheme were scheme would greatly increase operated at Didcot power sta-both local and national self-suffition it would compensate to some extent for its monstrous and planetary responsibilities. destruction of so much of the Trevor Brown, delicate beauty of the Upper Thames Valley. The waste heat could supply an area of green- Berks.

Imagine what this would mean in terms of saving imported foods. And there would be heat left over for canning some of

the produce. If successful and repeated at other power stations such a ciency in line with our human Trevor Brown,

2 The Glade.

Pricing policy

From Mr. K. Longworth
Sir.—Mr. R. J. Pearce (July
19) asks why shoe shops sell items at, say, £9.99 instead of £10. The practice is a very old one, dating back to times when shoes were offered at. say, 3s 11d instead of 4s, and had a very practical origin.

Shoe shop staff do not work Shoe and Leather News,

contact with their customers The Victorian retailers who founded our great multiple businesses were worried that, unless an assistant went to the till to collect the penny change, the money might absent-mindedly find its way into his own pocket as he escorted a purchaser to the door!

Another case of take care of the perice, and the pounds will look after themselves! Kenneth Longworth. behind counters but are in close 84-88. Great Eastern Street, EC2.

This announcement appears as a matter of record only.



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Agent

UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F.

June, 1979

Dunbee Combex-Marx recovery will take time

his annual report that 1979 is a year of intense internal activity and will be the first stage of setting the group on a course eventually to reach and then to surpass former profit levels." Because of the group's sheer to be translated into tangible results, the chairman says.

In view of the increasing international spread of the business, it will be proposed at the annual meeting that Coopers and Lybrand be appointed joint auditors with H. W. Fisher and

The report also refers to the resignation of Mr. R. P. Butler on May 14 this year. Subject to fulfilment of certain conditions there will be consideration due there will be consideration due to Mr. Butler in respect of loss of office as chief operating officer of Louis Marx and cancellation of his option to acquire 2 per cent of the issued capital of Louis Marx.

Louis Marx and Co. Inc. remains entitled to the services of Mr. Butler in an executive

of Mr. Butler in an executive capacity up to April 15, 1980, when his former service agreement with Louis Marx was due

The chairman gives details of some of the projects presently being considered or actively developed by the Board in the stringent review of all stringent review of all companies both at home and

These include the closure and sale of a larger part of a loss-making factory in Holland and the sale of the Marx Hong Kong factory which will release a capital profit of some £1.1m.

By the time of the half-year statement in October, directors slipped from £48,252 to £38,218 should be in a position to report after all charges including tax of more fully on other actions £13,700 (£51,420). being taken.

As a result of three years expansion, the group incurred expansion, the group incurred interim is 0.14p (0.175p). A substantial borrowings. While 0.425p final was paid last time. adequate facilities are available to provide the working capital for further sales growth this year, the Board considered that it was prudent to consider ways of reducing the overall level of

The review takes particular petition. notice of any business activity which does not make an adequate return on capital employed or which is unlikely and total profit is expected to be to make a such a return in the down on 1977-78 when the pre-tax near future, the chairman says. figure was £206,000.

For 1978, pre-tax profits of However, Pem Trailers and

Turnover increase

Pre-Tax Profit rises

* Earnings per Share up

LORD WESTWOOD, chairman the group amounted to £1.26m of Dunbee Combex-Marx says in compared with £6.43m on turnover of £124.25m against £92.78m. Earnings per share are

stated at 5.8p (24.8p).

As a result of professional revaluations in 1978, a surplus of £3.75m has been transferred to reserves. During this year, size alone, it will take time for the U.S. properties were the outcome of current policies revalued and the surplus of £1.5m may be considered for inclusion in future years.

Certain directors have waived their entitlements to dividends totalling £102.418 on personal holdings of 1.81m shares but excepting dividend payments of 0.01p per share.

The balance sheet shows bank overdrafts and loans (secured) of £12.26m (£9.77m). Non-current liabilities (secured) of £19.75m (£9.72m) include bank loans of £13.36m (£5.79m).

There is also compensation to a former director of £17,463. Meeting, Cafe Royal, W, August 20 at 11 am.

AC Cars hit by output difficulties

Surrey based AC Cars failed to reach its car production targets in the first half of 1978-79. Both profit and sales were lower for the high performance car producer, the interim dividend is cut and a downturn at full-time is forecast.

Turnover fell from £2.01m to £1.52m and net profit for the six

Stated earnings per 5p share were 1.59p (2.07p) and the net In March the company said

that production of its new ME3000 model was well under way but it was still having great difficulty in finding adequate skilled labour due to severe com-

The production problem is likely to persist throughout the second half of the current year

duced the bulk of the profits last year are expected to make a good contribution in the second six months.

Attributable surplus emerged at £31,728 (£41,345) and the dividend absorbed £2,800 (£3,500). Comparative figures included nine months results for Pem.

Watsham's exceeds £700,000

PROGRESS continued for Watsham's in the year to March 31, 1979, with taxable profit rising £110,452 to a record £701.543 and, as forecast, the dividend is doubled. Sales by the company, which makes specialised products for the optical, telecommunications and industrial safety indus-tries, were up 50 per cent to

At mid-year profit was ahead from £248,000 to £291,000. With tax for the 12 mouths taking £193,386 (£164,258) stated earnings per 25p share were 19.62p (17.7p). The net total dividend is raised to 8.1p (4.02845p) by a 4.8p final. Cash, bank balances and investments at year end amounted to £1.32m and, including a £16.370 extraordinary gain this time, retained profit emerged at £252,518 (£301,047).

Provincial Laundries upsurge

Pre-tax profits of Provincial Laundries expanded from £32,119 to £121.027 in the six months to June 30, 1979, on higher turn-over of £1.15m, against £615,619. In the last full year, there was a recovery from a £28,800 loss to a £100,026 surplus.

The net interim dividend is lifted from 0.16p to 0.4349p and the directors expect the final to be not less than the interim, making 0.8698p (0.4349p).

Again, no tax is payable. There was a £6,222 extraordinary debit last time. Earnings per 5p share are given as 2.32p (0.68p)

Industrial life side expands for London & Manchester

A SUBSTANTIAL increase in new life business in the industrial branch is reported by London and Manchester Assurance for the first half of 1979. New annual premiums advanced one-third from £1.79m to f2.39m, with new sums assured being nearly 40 per cent higher

Life business in the ordinary branch improved only slightly with new annual premiums increasing by 4 per cent from £2.15m to £2.24m. Single premiums, however, were over 50 per cent higher at £363,000 against £237.000. Pension and annuity business was more buoyant with new annual premiums of £611,000, against £487,000, and single premiums of £377,000, against £235,000.

Total premium income received during the first half of this year in the ordinary branch amounted to £6.97m compared with £6.51m for the first half of 1978. Premium income in the industrial branch boosted by the change in method of paying tax relief advanced by 22 per cent from £7.09m to

Jacksons **Bourne End** £20,000 higher

A second half downturn of £13,000 in taxable profit in Jackson's Bourne End was not as bad as had been anticipated in mid-March. As a result the group, which moulds and fabricates, fibreboard etc., was able to show a £20,000 advance to £176,000 for the year to March 31, 1979, continuing the recovery from the £26,000 loss seen in

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims of finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Drayton Commercial Invest-ment, Macdonald Mertin Distilleries, Nortingham Manufacturing, Websr Holdings. Finals—Bradlow's Stores, Hamps Industries, Investment Co., Alfred Preedy, Stavert Zigomala. FUTURE DATES

Finals—
Allen (W.G.)
County and Dist. Properties...
Gesvor Tin
M.L. Holdings
Smith Whitworth
Holdings

Halftime profit had been up from £54,000 to £85,000 but, while fighting off the bid from Dawngrange, Jacksons stated that the second six months had ben hadly affected by disruptions and industrial disputes among principal customers and

suppliers.

Trading results for the first quarter of the current year are better than last time but the directors say that the outcome will depend on the general industrial climate.

Sales for 1978-79 were higher at £4.99m (£4.77m) and the net dividend is stepped up to 3p

A lower tax charge or 202,000 (£79,000) left the net balance at

porated in the accounts.

Walter Alexander up 18.2%

FROM TURNOVER up 15.3 per cent from £29.36m to £33.86m, profits before tax of Walter Alexander increased 18.2 per cent to £2.76m in the year ended March 31, 1979, compared with £2.34m in the previous year.

Earnings per share are stated as 30.1p, against 24.6p, and a final dividend of 3.65p lifts the total from 4.85p to 6p. A one-for-one scrip issue is also The directors say that budgets

indicate that the current year will produce improved results

from virtually all activities and profits for the first three months of the year confirm this trend The company made a gain on the sale of its investment in its associated company Transfleet Services of £862,000. The extra ordinary item shown in the accounts of £462,000 is the surplus less tax over the consolidated asset value of the holding in the group accounts. During the year, the holding in Scoteros was increased from 10.2 per cent to 11.6 per cent. Since the end of the year the holding has been further increased to 20.99 per cent which

means that Scoteros is now an associated company. . Walter Alexander does not lower tax charge of £64,000 have a Stock Exchange listing.

It has interests in coach building £112.000 (£78,000). A revaluation other transport related activities

Wellman gives logic of IHBD purchase

BY RAYMOND MAUGHAN

tribution, should the deal gain shareholders' approval at an greater of extraordinary meeting, is cal dependent chlated after deducting interest exchange. of \$620,000 on borrowings for working capital and on funds borrowed for the acquisition and interest of £190.000 forgone on the funds used to subscribe the equity capital of Wellman Inc.

IHBD is described as matural partner for Wellman in furnace technology. The U.S. company has averaged pre-tax profits of \$2.2m over the last five years and Wellman is "satis-fied" that losses of \$866,000 ore-tax last year stem mainly from

the failure of a new product line (since discontinued). The purchase orice, subject to adjustment, will be approximately £5.17m, \$12m, of which \$400,000 is attributable to good-will and \$5.3m is included in respect of stocks and work-inprogress which will be valued as at August 13. Although General Electric has not warranted the profits of its subsidiary, it has acreed that the consideration will be cut by \$250,000 in the

event that profits before interest and tax do not exceed \$3.50 for the forecast 33-week neriod. Wellman has seneed to finance the deal by subscribing S5m (FO 18m) for equity capital of its evisting T.S. offshoot, Wellman Inc., from it sown roch resources. of around \$2.5m Additionally, a. \$8.5m 10-year Industrial Revenue has been approved in and will provide for capital repayment by east St years of the over the last St years of the Bond. A S4m overdraft facility carrying a 1 per cent interest rate premium over the bank's prime rate for a period of 12 months has also been arranged.

IN THE formal defence doctiment rejecting the £7.3m cash limit in the Articles (of Associaoffer from Redman Heenan tion) is out of line with modern
International, Wellman Engineer practice."

Borrowings under ing Corporation has forecast taken to finance the archisifiori-that its own profits for the six will require the sametion of a months to September 30 will general meeting in which it reach at least £500,000 and would be proposed to lift the those of the proposed purchase limit to twice the aggregate as 1 from General Electric. IHBD, the issued capital and reserves will amount to \$450,000 after which currently stand at \$6.700 inancing costs and before tax for the 33 weeks to March 31, 1980. 512.5m. The proposals would be the proposals with the proposals would be the proposals would be the proposals would be the proposal by the proposals would be the proposals would be the proposal by suction debts of the presenting permitted amount plus the greater of \$10.5m or \$4.5m. dependent on the rate of

The extraordinary general meeting will be held on August

which closes a week earlier, is said to be put forward as affir alternative to the HHBD acquisi-tion. Wellman believes this is a very poor afternative which looks only to the past and notive to the future."
Wellman's profits last year felial from £1.55m pre-tax to £1.05m but this is described as a "unsie-unrepresentative year in which at there was a pause in growth "n.

Bridgewater Trust in TV rental deal

The ordinary shares of Bridge-water Investment Prust have been suspended at the director's request. This followed proposals to acquire two television rental

- Bridgewater has entered into a contract to acquire Ascot TV.
Rentals and Concorde TV.
Rentals for £35,000 cash and the issue of up to 6.25m ordinary shares.

The share issue is to be determined in accordance with a formula based on profits and net March 31, 1981,

At present the company hase om shares in issue. It is anne investment trust but since a take. over in June last year the new board has described its policy as "clearing the decks" for a new The Wellman Board, headed clearing the decis 1 by Mr. A. C. N. Hopkins, is investment programme.

Metal Box improving after sluggish start to current year

The current year started sluggishly at Metal Box following the poor performance in the second half of 1978-79. However recently both sales and profits had improved and the company hopes that half-time results will match last year's good first-half performance, Sir Alex Page, the told the annual

He also revealed that in May the group had expanded its American interests with the of Simplimatic, acquisition supplier of machinery and equip-

At home the group's packaging business was holding its own, the central heating business was going from strength to strength and overseas results had been very encouraging he said.

Midway fall for Plastic Constructions

Although turnover increased in the six months ending March 31, 1979, to £5,617,000 (£4,471,000) for Plastic Constructions, taxable profits was down to £124,102 compared with £187,937 for the

same period last year.
Mr. H. Aron, chairman, says
the decline in profits was the result of industrial problems during last winter, coupled with lower margins on some merchanting lines.

In view of this, the Acrylic be well placed to adjust to any product line, which contributed change in the pattern of busito the downfall of the merchanting side of the business, was sold in May, 1979, for a total consideration of £1,035,000. Mr. Aron says he is expecting to see an improvement in the second half which will partly reflect the disposal of these assets,

The fabrication order book continues to be healthy.

The interim dividend is up from 0.76p to 0.836p absorbing AFTER THE first half recovery \$27,796 (£25,193) after waivers and a confident outlook, the percentage on sales for five years, likely to add a further s3m.

Giltspur first quarter ahead of forecast

Trading profits of Giltspur, the industrial services group, were ahead of forecast in the first quarter of the current financial year, Mr. Maxwell Joseph, the chairman, told shareholders at the annual meeting.

The Expo companies had continued demand for their services, particularly in the UK. The display company, Marler Haley, con-tinued to increase its sales revenue both at home and abroad and additional premises had been tinued, so that the group could Loss at

Dredging

and a confident outlook, the British Dredging Company incurred a pre-tax loss of £13,910 at the end of 1978 compared with a deficit of £313,422 previously. The first six months had seen

£153,000 to a £94,000 pre-tax profit.

The year's loss is after exceptional credits of £156,545 compared with £473,200. Net loss is £93,649 (£310,761 before

minorities of £27,384) but after extraordinary credits of £695,950 (£84,734 debit) a profit balance of £602,301 is struck compared with losses of £368,111 previously. Basic loss per share after tax but before extraordinary items is 0.83p against 2.53p. Again there is no dividend—the 1976 payment was a single 0.3p.

Turnover amounted to £13.53m. compared with £15.84m. The exceptional items included £165,000 (£83.000) reduction in provision made in previous years in respect of the group's interest acquired to expand capacity.

The process of reorganising sidiary and associated companies the group's motor interests conporary employment subsidy.

Pentos steps up dividend førecast in Caplan bid Pentos has increased its fore: announces that all of its Ferr-

cast of dividends for its year to alloys operations have

the Pentos offer and electing to receive Pentos ordinary shares will be entitled to receive these dividends, giving an increase in gross annual income of approximately 69 per cent over Caplan's actual payment for 1978 and 18 per cent over Capian's own fore.

cast payment for 1979. Pentos has received agreements for acceptance of the offer

of over 50 per cent.

The Pentos extraordinary general meeting to approve the necessary increase in the Pentos share capital for the purposes of the offer is called for August 14 and the offer closes on August

BOC/AIRCO Airco Inc., a wholly-owned sub-sidiary of BOC International.

December 31, 1979 to 5.75p divested with the completion of gross (4.025p net). The group the sale of the final remaining, reveals the details in its offer segment, the company's Swedish locument for Caplan Profile subsidiary Airco Alloys AB and related companies.

> ERSKINE HOUSE National Car Parks has pur

in Erskine House Investments-bringing its total stake to 430,000 cm. shares, 13.6 per cent of the

Service

The following securities have been added to the Share Infor-mation service appearing in the Financial Times

Abwood Machine Tools (Sec tion: Engineering Mitsublishi Electric Corporation (Overseas A. . . .



African Development Bank

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In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 11 per cent and that the interest payable on the relevant interest payment date; 30th January, 1980 against Coupon No. 3 will be U.S. \$58.78.

By: Morgan Guaranty Trust Company of New York, London Agent Ban

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The 20,000 Notes of \$5,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of the Notes. Interest is payable annually on 15th August, the first such payment being due on 15th August, 1980.

Particulars of the Notes are available from Extel Statistical Services Limited and may be obtained during normal business hours up to and including 15th August, 1979 from :— Rowe & Pitman, 1st Floor, City-Gate House, 39-45 Finsbury Squate,

London EC2A IJA

Strauss Turnbull & Co., 3 Moorgate Place, London EC2R 6HR

30th July, 1979.

30th July, 1979

For the six months 30th July, 1979 to 30th January, 1980 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 112 per cent and that the interest

payable on the relevant interest payment date. 30th January 1980 against Coupon No. 3 will be U.S.\$58-14. Igent Bank: Morgan Guaranty Trust Company of New York, London

US \$150,000,000

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

FLOATING RATE NOTES DUE 1993

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The Council of The Stock Exchange has granted a listing for the above-mentioned Preference Shares. Particulars of the rights attaching to them are available in the Extel Statistical Service and copies of the statistical card may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 13th August, 1979 from:

> Joseph Sebag & Co., 3, Queen Victoria Street. London EC4N 8DX.

Trust in IT

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lopment Bank

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Exxon bid restrained by court

By John Wyles in New York THE Federal Trade Commission

won the first round at the week-end in its bid to block Exxon Corporation's \$1.17bn takeover of Reliance Electric Company.

After heaving the FIC's application for a temporary representations order on Friday. washington DC District Court Image Harold H. Greene made a ruling on Saturday preventing Eggon from purchasing for at least 10 days the 95 per cent of Reliance's outstanding stock undered for its 372 per share

other.

H Judge Green had turned down the FTC, then Exxon would have been free to purchase this stock from inding to an Saturday. Now, however, the country's largest oil company and the FTC will join issue in hearings starting in a few days on the Government's application for a preliminary intenction against the takeover. It is unlikely that the tem-It is unlikely that the tem-porary barrier to the merger will be lifted until these hear-ings are completed and a deci-don issued.

The FTC says that by not entering the established mar-het for variable speed controls and instead acquiring a com-pany which holds about 20 per cent of that market, Exxon is effectively reducing competition and violating anti trust laws.

Profits rise at Woolworths

By Jim Jones in Johannesburg

SCHITH AFRICAN retail chain Woolworths reports a 13.9 per cent turnover increase to R170m for the 53 weeks to May 31, 1979. At the pre-tax level, incame was R25.5m (\$30.3m), a rise of 9 per cent on the 52 weeks of the previous financial

Woolworths was among the few retail chains which expressed disappointment at last Christmas's sales. Also, having stocked up heavily in anticipation of booming sales ahead of the introduction of the per cent general sales the Woolworths was forced into some ruthless markdowns

BY COLIN MILLHAM

last week.

potesble exception was sterling,

which not only continued to rise against the dollar; but was at its highest in terms of major entrencies for almost four years.

The underlying sentiment attrounding the U.S. currency was much less favourable than habital forms appared to ware to result to the sentiment of the

the bald figures suggest however. The only good news to come out of Washington last week, as far

at the foreign exchange market wis concerned was the nomina-tion of Mr. Paul Volcker as diskuman of the Federal Reserve Board.

CURRENCY RATES

Drawing (

THE DOLLAR SPOT AND FORWARD

Bank rate

Alfa Romeo not up for sale

BY RUPERT CORNWELL IN ROME

A FLURRY of denials has greeted reports here that Alfa Romeo, Italy's publicly owned second largest motor manufac-turer, might shortly be sold off to Fiat or a foreign car

The denials issued by both Alfa Romeo and Finmeccanica, its holding company parent, were prompted by a magazine interview with Sig. Pietro Sette, the president of IRI, the state conglomerate which controls both Finmeccanica

and the car manufacturer.

Sig. Sette reportedly suggested that Alfa Romeo. which is in substantial deficit, was "up for auction " and that some decision might be taken within a few months. But his remarks were later

clarified to mean that the car

company was merely confirming the search for partners with whom to cooperate to make easier the economies of scale required by a low volume manufacturer.

Sig. Ettore Massacesi, the Alfa Romeo president, categorically denied that the company might change hands. Meanwhile Flat, Italy's biggest motor group, dis-missed any suggestion that talks with Alfa Romeo had taken place.

However, the very agitation created by the "misunder-standing" of Sig. Sette's views indicate the uncertainty over the future of Alfa Romeo, which employs 40,000 people, manufacturing some 200,000 vehicles a year.

Privatbanken to buy out other UIB shareholders

BY JOHN EVANS

mark's leading commercial banks, is to acquire United International Bank (UIB), the London-based consortium bank, in a deal worth £12.9m (\$29.8m). The takover is aimed at strengthening the Danish bank's international network, according to a statement this weekend.

Privatbanken is one of ten international banks which own equal shares in UIB. The other shareholders, which will sell their interests to Privatbanken, are: Banco de Bilbao, Bank Mees and Hope, Banque Française du Commerce Exterieur, Bayerische Hypotheken-und Wechsel-Bank, Credit du Nord, Crocker National Bank, PKbanken, Bank of Nova Scotia, and Williams and Glyn's Bank. to all the necessary approvals

Carter's chances of wioning approval in Congress for his

energy programme. There are also doubts about the Admini-

A further rise in U.S. interest

rates, including the possibility of an increase in the record 10 per

cent discount rate cannot be ruled out, especially since the per cent rise in the rate on July 20 was quickly countered by an increase in Canada's

discount rate by a similar amount to 111 per cent, and a jump in Japan's discount rate to 51 per

Interest rates elsewhere in the

Interest rates elsewhere in the world have shown a similar trend. The West German Bundesbank increased its discount rate by 1 per cent to 5 per cent on July 13, with the Netherland's discount rate moving up to 8 per cent from 71 per cent on the same day.

The weakness of the Belgian franc in the European Monetary System has prompted four increases in Belgium's key

lending rates since early May.

stration's resolve ?to inflation ahead of, the Presidential election.

cent from 41 per cent.

Dollar on shaky ground

CURRENCIES, MONEY and GOLD

Central bank support pushed Apart from this, the market including three upward adjust- Morning ap the dollar against most remains very nervous, and ments to the discount rate, fixing.....

the 1980

PRIVATBANKEN, one of Den- Share capital totals £6m and £4m is represented by sub-ordinated loans.

> The chairman will continue to be Mr. A. Schmiegelow, who is Privatbanken's managing director. Sir Norman Biggs will rejoin the board as deputy chairman. Mr. A. A. Wiessmueller continues as the UIB managing director.

Privatbanken now becomes the first Danish bank to have its own full banking subsidiary in London. Other Danish banks generally have interests in the various consortia banks in London, such as Nordic Bank, Scandinavian Bank and London & Continental Bankers.

While this acquisition will further Privatbanken's over-Privatbanken is acquiring seas expansion, some other UIB UIB's total capital at the net shareholders have found that asset value of £12.9m, subject the concept of participating in a consortium bank as part of being obtained. ... their own international activity share UIB had a balance sheet total has become less important in share. of £247.9m at June 30 this year. the last few years.

The last change in the French

discount rate was nearly two

years ago, but the present 91 per cent is getting further out of New

line with money market rates, while several major French

banks raised their prime rates

last week.
London interest rates remain

even higher than the rest of Europe and with no prospect of

an early cut in Bank of England

Minimum Lending Rate from 14 per cent, there appears to be little hope of relief for the dollar

Balgian rate is for convertible francs.

THE POUND SPOT AND FORWARD

in the near future.

July 27

Brazil Crizelro...
Brazil Crizelro...
Finland Markka...
Greek Drachma...
Hong Kong Dellar
Iran Rial.....
Kuwait Dinar (KD

Kuwait Dinar (KD Luxambourg Fro. Mainysia Dollar... New Zesland Dir, Saudi Arab. Riyai Singapore Dollar...

OTHER MARKETS

Pan Am **buys TXIA** stake in

chases last week, Pan Am now owns 51.4 per cent of National stock and this will be increased to 60.6 per cent following the immediate purchase of 790,000 of the 2.1m block owned by TXIA. In addition, Pan Am will pay TXIA \$3m for the right to buy the remaining 1.3m shares by March 1 next year providing

year at an average price of \$28.20. Pan Am will pay \$50 per share — which means that TXIA will make a capital gain on the sale of more than \$45m excluding carrying costs and the \$3m option fee. Mr. Frank Lorenzo, TXLA's president, said on Saturday that in view of the CAB's approval for a Pan Am-National's shareholders had supported Pan Am, further pursuit of our acquisition efforts would not be in our best interest

Sharp advance

ducer in the U.S., Kennecott Copper, turned in net earnings for the second quarter of \$1 per share compared with 10 cents

Net income for the quarter reached \$33,28m against \$3.41m last year, on sales ahead from \$478.2m to \$628m. For the first half, Kennecott's net income rose from \$8.68m or 26 cents a share to \$54.46m or \$1.64 a Six-month sales rose

National By Our New York Staff

TEXAS International Airlines has decided to bow out of the battle to acquire National Air lines and to sell its 24 per cent holding in the Miami-based carrier to Pan American World Airways. After its open market pur

the Civil Aeronautics Board's preliminary approval of its merger with National is endorsed by President Carter. The balancing purchase would raise its holding in National to 750 per cert 75.9 per cent.
Most of TXIA's shares in National were purchased last

at Kennecott

THE LARGEST copper proa share last time.

July 27 July 25

Gold Bullion (fine ounce)

(\$30514-30614(8306-30614)

(\$131.8-182.5) (£131.3-131.8)

(\$2131.8-182.5) (£131.3-131.8)

(\$2131.3-131.8) (£131.3-131.8)

(\$2131.3-131.8) (£131.3-131.8)

(\$2131.3-131.8) (£131.5-131.8)

(\$2131.440) (£131.647)

(\$2131.440) (£131.647)

(\$2131.839) (£130.987)

Gold Coins, Internationally

more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published.

PENDING DIVS.

Date	ment last year	Date	willonuce-
AcrowAug. 7	Final 1.554	WrightsonAug. 31 Mills and	int. 3,5953
DairiesAug. 23 Auft and	Final 0.416	Allen IntArg. 31 *Morgan	Final 5
WiborgAug. 9 Automotive	int. 0.72	CrucibleSept. 6 Ocean	Int. 3.653
ProductsAug. 8	Int. 0.75	_ TransportAug. 22	Int. 3.9192
BICCSept. 4	int. 2.5	PynAug. 18	Int. 1,225
Barrow		RaybeckJuly 12	Final 2.3512
HepbumAug. 16	Int. nil	RentokilAug. 2	Int. 0,72
BBA GroupAug. 31 Bibby (J.)Aug. 8	Int. 0.8777	Royal InsceAug. 17	int. 7.272
Blue CircleAug. 24	Int. 3.0	Security	
British	Int. 3.22	ServicesAug. 10 Sedgwick	Int. 1 <u>.25</u>
AluminiumAug. 18	int: 29.851	ForbesAug. 24	I 4A
Carriagton	1136. 20.001	*Shell	Int. 40
ViyellaAug. 9	Int. 0.87	TransportAug. 1	int. dus
City OfficesJuly 31	Int. 0.86	Slough	******
Comban GpAug. 8	Int. 120	EstatesAug., 30	Jns. 1
Commercial		Smith and	:
UnionAug, 14	int. 2.863.	NephewAug, 15	Final 0,9105
CorahAug. 17	Int, 0.9	Staffex IntlJuly 28	Final nil
Dixons Photo. Aug. 2	Final 1.51	*Staveley	_
EvodeAug. 17	Int. 0.3629	indsAug. 1	Final 5.97
Fairclough		*StenkouseAug. 23	Int. 1.825
GeneralAug. 29		Sunley (B.)Aug. 8 *Taylor	Final 2.7
AccidentAug. 15 Gibbons		WoodrowJuly 31	lm. 2.01
DudleySept. 13	Int, 0.74326	DevelopmtAug. 16	int. 1,25
GlynwedAug. 8	Int. 2.45	*Tube InvsAug. 15	Int. 10.975
GrindlaysJuly 31 Hambro	Int. 1	Union CorpnAug. 29 *Utd. Domintons	Int. 15 cent
Trust Aug. 7	Final 1.37	TrustAug. 8	Final pul
Hoffnung .		*VantonaJuly 31	
(S.)Aug. 25	Finol_2.8142	*VosperAug. 1	Int. 25
HooverAug. 2	inz. 5.61	*Ward and	First Dome
Haa. of	1 1 0000	GoldstoneAug. 3	Final 3.672
FraserAug. 24	int. 1.8865 int. 1.675	Weir GroupAug. 30 *Woolworth	Int. 1.8634
Ladbroke Aug. 23		(F. W.)Aug. 15	1.225
Leing (J.) Aug. 31	Int. 1	* Board meeting intim	ated. † Rigi
Lex Service July 37	Int. 1.8	issue since made. \$ Ta	x free. & Sc
Matthews		issue since made. 1 For	ecest.

BASE LENDING RATES

A.B.N. Bank 14 %	■ Hambros Bank 14 %
Allied Irish Banks Ltd. 14 %	■ Hill Samuel\$14 %
Amro Bank 14 %	C. Hoare & Co
American Express Bk. 14 %	Julian S. Hodge 15 %
A P Bank Ltd 14 %	Hongkong & Shanghai 14 %
Henry Ansbacher 14 %	Industrial Bk. of Scot. 141%
Associates Cap. Corp 14 %	
Banco de Bilbao 14 %	
Bank of Credit & Cmce. 14 %	
Rank of Connis 14 %	
Bank of N.S.W, 14 %	Edward Manson & Co. 15 %
Banque Belge Ltd 14 %	
Banque du Rhone et de	■ Samuel Montagu 14 %
la Tamise S.A 141%	
Barclays Bank 14 %	National Westminster 14 %
Bremar Holdings Ltd. 15 %	
Brit. Bank of Mid. East 14 %	
Brown Shipley 14 %	Rossminster 14 %
Canada Perm't Trust 14 %	Ryl. Bk. Canada (Ldn.) 14 %
Cayzer Lid	Schlesinger Limited 14 %
Cedar Holdings 14 %	
Charterhouse Japhet 14 %	Security Trust Co. Ltd. 15 %
Choulartons 14 %	
C. E. Coates 14 %	
Consolidated Credits 14 %	
Co-operative Bank*14 %	
Corinthian Sees, 14 %	Twentieth Century Bk. 15 %
Credit Lyonnais 14 %	
The Cyprus Popular Bk. 14 %	
Duncan Lawrie 14 %	
Eagil Trust 14 %	
English Transcont 14 %	Members of the Accepting Houses
First Nat. Fin. Corp 151%	Commines.
First Nat. Secs. Ltd 151%	
Antony Gibbs 14 %	t 7-day deposits on sums of F10,000
Greybound Guaranty 14 %	
Grindlays Bank\$14 %	12% and over £25,000 124%.
Guinness Mahon 14 %	
	, ,

INSURANCE BASE RATES

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London EC3V 3PB. Tel. 01-623 6314. Index Guide as at July 26, 1979
Capital Fixed Interest Portfolio

EQUITIES

FIXED INTEREST STOCKS

Price 3	1 1 1 1 1 1 1 1 1 1	Puno Rice	19	79	Stock	Olosing Price &	+
35	₹2	250	High	Low			Ļ
791 100 1961 ₂ 100 100 100 97 198	F.P. E10 F.P. F.P. F.P. NII	21/9 20/7 27/7 20/7 30/8 24/8 18/10	1014 115 102 102 985	93 11½ 107½ 87 100 98⅓		10112	:

"RIGHTS" OFFERS

issue Price	in'unt	Renu Date	nc.	191	79	Stock	85 P	+ or
p:	₹8	•	"	High	Low		0-	
A\$2 56 65 521 ₂ 30 25 100 60 125 50 47 88 155 25cts 60 106 25cts	NII NII F.P. NII F.P. F.P. F.P. F.P. F.P. F.P.	20/7 27/7 27/7 20/7	10/8 3/8 7/9 10/8 31/6 24/6 24/6 24/6 3/8 10/8 20/8 24/8	40 90 53 11pm 4pm 223 138 19pm 146 71pm 201 201 101 208 110 110 129 158 66½	3612 82 55 101 pm 5 pm 209 125 17 pm 131 60 pm 4712 108 106 NH	Bank of New South Wales Causton Sir (J.) Contury Oils Combined English Stores Control Securities Edinburgh & Gen. Elilott (B.) Geevor Tin. Goldberg (A) Grand Metropolitan Hanson Trust Harsreawas Highland Dist Hott Lleyd inti Inti. Timber McCorquedale Ovenstone Sound Diffusion Stylo Shoes. UBM	87 62 11pm 4pm 216 180 19pm 141 51pm 48 99 204 108 107 Nii 124 168 66½	-1 +12 -1 -1 -2 -5 -2 +1
87	} F.P.	13/7	10/8	110	94	W.G.I	,,	

Renunciation data usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. 9 Assumed dividend and yield. 2 Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979: Q Gross. T Figures assumed.; Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to gublic. 2‡ Pence unless otherwise indicated. ¶ Issued by tender. ¶ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶ Issued in connection with representation, merger or takeover. ¶ Introduction. ☐ Issued to former preference holders. ¶ Allotment letters (or fully-paid). © Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 (ncome shares and 10 Capital shares at 125p per unit.

Public Works Loan Board rates

Effective from July 21

	· Quota	loans	repaid at	you-dnots	ansoi	at :
Yeers	by EIPt	A‡	maturity§	by EIPt	A‡	maturity§
Up to 5	12#	124	12]	13 <u>l</u>	131	131
Over 5, up to 10	12	12	127	131	13;	13{ .
Over 10, up to 15	123	12	127	131	131	134
Over 15, up to 25	127	12}	123	13 1	131	13‡ .
Over 25	127	127	123	·13½	131	131

* Non-quota loans B are 1 per cent higher in each case than nonquota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal balf-yearly payments to include principal and interest). § With half-yearly payments of interest only.

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Banque de Paris et des Pays-Bas Banque Bruxelles Lambert S.A.

Credit Suisse First Boston

Commerzbank Dentsche Bank

Annual Interest

Life

Swiss Bank Corporation (Overseas)

County Bank

Union Bank of Switzerland (Securities)

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		-	
LOCAL	AUTHORITY	BOND	TABLE

Authority (telephone number in parentheses)	gross interest		Minimum sum	of bond
	%		£	Year
Barnsley (0226 203232)	12	l-year	250	3-5
Barnsley (0226 203232)	12 <u>1</u>	i-year	250	6-10
Redbridge (01-478 3020)	. 11}	- 1-year	200	4-5
Redbridge (01-478 3020)	. 121	į-year	200	6-7

EXCHANGE CROSS RATES

4.1860-4.1870 215.30-215.50 13.35-13.38-2 1.6620-1.5430

		U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFrane	SWiss Franc	Dutch Guild'r	Italian Lire	Ognada Dollar	Belgian Franc
July 27	PoundSterling 1.	2.315	4,215 1,820	498.0 215.2	9.808 4.237	3.905 1.644	4.630 2,000	1890. 816.4	2.706 1.169	67,35 29.10
Machamark	0.432	0.549 4.648	1. 8,459	118.2 1000.	2.388 19.69	0.903 7.641	1,099 9,297	448.5 3794.	0,648 5.434	15.99 135.2
Paress Yen 1,500 Pares Franc 18	2.008 1.020 0.253	2.360 0.608	4.295 1.107	507.8 150.9	10. 2.578	3.880 1	4.721 1,217	1927. 498.5	2.759 0.711	68.67 17.70
Main Guilder	0.816	0.500 1,225	0.910	107.6 263.5	2.118 5.191	0.882 2.014	1. 2.450	408.1 1000.	0.584 1.432	14.55 45.64
Madian Dollar	0.529	0,855	1.557 6.255	184.0 739.4	5.524 14.56	1.405 5.650	1.711 6.875	898.3 2805.	1. 4.018	24.89 100.
At Franc 100	1,485	3.487	. 0.200						-	

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12.1414 1412-1	July 27	Sterling Certificate of deposit	Interbank		Local Auth. negotiable bonds	MOUSE	Company Deposits	daposit	Treasure	Eligible Bank Buls o	Fine Trade Bills o	•
The months 157-127-127-137-137-135-135-135-135-135-135-135-135-135-135	the months Thee months Sk month	144-14-1 14-1-13-1 14-1-13-1 13-1-15-1 13-1-12-1 12-1-12-1	14.144 1418.144 1414.147 14.1418 1378.1314 1878.13	1414-1436 14-1414 14-1414 13-16-1836 1256-1854 1234-1878	1478-1419 1458-1419 1419-1414 15-1278 1356-13 1278-1219	1456 1412 1412 1878 1312 1318	14½ 14½ 14½ 14%	1534-14 1534-14 1534 1559	184 184 15te	14-14-4 15-5-15-18 12-13-	1414 1418 1418	

If suthority and finance houses seven days' notice, others seven days fixed. *Long-term local authority is rates comminally three years 123-127, per cent; tour years 122-127, per cent; they have seven they are seven three they have seven they have seven they are cent; three they have seven they have s

MONEY RATES

-3.49 122-147-dis -2.50 5.17 147-122 pm 4.63 2.14 47-31 pm 1.63 0.31 27-11 pm 0.83 8.01 10.05-9.80 pm 7.97 6.60 53-43 pm 6.21 13.01 124-112 dis 12.48

NEW YORK	11.5-11.75 10.6875
Fed Funds	9.15 9.31
GERMANY Discount Bate Overnight Rote One month Three months	5.90 6,375 6,926 7.30
FRANCE Discount Rate	9,5 10.375

13.834 Tues. 13.910 13.931 Thurs.

Eri./Sun.

It will be published in an eight-s format on the following dates in remainder of 1979:

Issues Traded 1 BS1 Rises 1728 578 Falls 578 KOT Move Hights New Libra.

A STATE OF THE STA

Householders offered Fruit and vegetable insurance advice

BY OUR INSURANCE CORRESPONDENT

AT ONE time household busi- what basis will your claim be ness provided British insurers settled?" the leaflet explains with the jam to put on the that this depends on what type has been hard to find and the placement as new cover on some

inflation-bred under-insurance has long been recognised as one of the main reasons for the collection of inadequate premium in the sum insured, and the leaflet stresses that for collection of inadequate premiums covered on an indemnity iums. There is increasing use basis, deduction from today's of index linking sums insured new replacement price must be hut no index linking scheme is made for wear and tear and able to guarantee the adequacy depreciation. of the basic sum insured, fixed by the policyholder, when first applied. If that sum insured is 30 per cent inadequate at the guides only and there many start it will remain inadequate insurance people who can through the policy's life. information that through the policy's life.

New chart

Last summer to help policyholders and their advisers, the BLA produced a leasiet on buildings insurance for the home owner. Its principal feature was a chart of rebuilding costs pre-pared from a detailed report made by the Building Cost In-formation Service of the Royal Institution of Chartered Surveyors. This chart noted rebuilding costs on pounds per square foot basis for five different types of house accounting for age, size and location.

When the leaflet was intro duced BIA promised regula revision, and the 1979 leafle should appear in early Noven ber. It will contain a new char of building costs—not just the costs in the 1978 leader in creased by the appropriate index percentage, but a char completely revised as at the end of September by the RICS Arguably, the householde can calculate his building sur-insured with reasonabl accuracy much more easily tha he can value the contents o his home. Most of us, who have established homes, really do no appreciate how prices have moved in the last few year until we come to replace pa ticular items such as carpet curtains or appliances. Regre tably. there is no easy way t value accurately contents excep

room by room and item by item Now BIA has produced it own "guide to home content insurance "-complementary t its buildings leaflet. The leafle contains two panels, and a gri which encourages the user t itemise his possessions. Answering the question "on Tel Ave.

prices come down

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

bread and butter earned from of contents policy the house commercial property husiness. holder has—an indemnity policy But during the 70s the butter or a policy which provides re-

It is not possible to put more than the bare essentials in an eight page leaflet, but both are this month has seen prices few cases, but generally egg tumble as expected.

BLA now provides. In preparing a leastet it is a matter of fine judgment what size to produce and how much information to give. Experience has shown that the bigger the leastet, the more solid the information, the more is the average reader likely to be put off, to leave unread or to misunderstand. By dealing with hare essentials, BIA achieves clarity and should encourage many inquiries.

TEL AVIV

D-	11.2		
ır		Prices	Changa
et	Company		on the
n -		1979	week
rt ie	Banking, Insurance -		
n- le rt le S.	Bank Learni le Israel IDB Bankholding Bank Hepoalim Br. Union 6k of Israel Br. United Mizzah Bank Hassneh insurence Br. General Mort, Gank Br. "Talahot" Israel M. B	409 483 504 422 293 320 311 328	+ 4.0 + 3.0 + 6.0 + 2.0 - 3.0 - 7.0
m le in of	Land Davelopment Africa Israel Inv. (£10 Israel Land Devpt, Br. Property and Building	960 182 383	± 14.0 - 8.0 - 4.0
e	Public Utility		
10	Israel Electric Corpn	262	+ 430
e	Investment Companies		•
rs r- s.	Bank Leomi Invest "Clai" Isroel Invest Discount lives:	335 570 2 8 0	÷ 2.0 - 14 0
t-	Commercial and Industrial		
ot n. ts ts	Alliance Tire & Rubber Elco Br. Argaman Textile Br. "Ata" Textile Br. Amer. (street For. Mills Assis Elite Teva Reg.	1,165 · 283 459 160 835 477 458 567	- 45.0 - 36.0 - 12.0 - 0.3 - 60.0 - 51.0 - 53.0 - 6.0
O	Delek	221	- 1.0

THIS YEAR'S first fall in the rises for their products, because Financial Times grocery price of higher costs and the likely index shows in the figures for effect of frost damage in Brazil, this month. The index fell by and those prices are likely to

The fall was mainly due to the scasonally lower cost of in the basket, meat and dairy fresh fruit and vegetables. The products, were marginally Government's op a pound butter dear this month. subsidy was reflected in most shop prices, but the cost of £548.50 to £551.40, mainly dairy products overall increased gear this month.

The dairy section rose from £548.50 to £551.40, mainly because of higher prices for milk and associated products

Last month the expected fall such as yoghourt and cream. in the basket did not materialise because wet weather in May up to 3p a half-pound, as and June kept fresh fruit and planned by the Government's vegetable prices higher than normal for the time of year. However, fairly good weather

pound, Lettuces, cauliflowers, carrots and cabbages were all cheaper. Tomatoes especially came down in price, to 30p a Only onions were more ex-

pound instead of 18p on averlast month. The cost of the fruit and vegetable section fell by almost £44 to total £245.61.

coffee were generally cheaper.

However the main coffee promay not be reproduced or used ducers have announced price in any way without consent.

1.23 percentage points from have filtered through by next month.

The two most expensive items

Butter prices, however, fell by butter subsidy; but margarine was slightly dearer. Eggs were cheaper by 2p a half-dozen in a

prices remained stable. New potatoes, for example. Meat rose slightly from were generally half last month's £490.95 to £492.68, but there are prices and now cost about 8p a signs that the sharp rises of recent months have ended and that beef and lamb prices are

stabilising.
Frozen foods were slightly expensive, reflecting pound on average, compared more expensive, reflecting with last month's 44p a pound. higher seasonal demand in hot weather.
The FT shopping basket is pensive this month, about 21p a

based on data collected by 25 shoppers who monitor 100 grocery items each month in the same food stores throughout the UK. The basket covers large and small stores but it The only other item in the is not intended as an absolute basket to show any fall by guide to food price movements. value was sugar tea. coffee, and soft drinks. Although sugar basket should be made to was everywhere about 1!p Lucinda Wetherall at the Finandearer than last month, tea and cial Times. The FT grocery

FINANCIAL TIMES SHOPPING BASKET JULY, 1979

JOE 1.	17.7		
	July £		june £
Dairy produce	551,40		548.50
Sugar, tea, coffee, soft drinks	176,77		179.86
Bread, flour and cereals	260.24		255.57
Preserves and dry groceries	96.45		? 5.52
Sauces and pickles	43.43		43.24
Canned goods	166.65	- '	166.61
Frozen foods	204.74		201.24
Meat, bacon, etc. (fresh)	492.68		490,95
Fruit and vegetables	245.61		289.35
Non-foods	د201.8	•	195,06
Total	2.439.83		2,465.90
dex for July: 114.79			

Index for July: 114.79
1978: March 100: April 101.77; May 103.11: June 104.18; July 102.41;
August 101.89; September 101.90; October 101.77; November 103.67; S-cember 105.10.
1979: January 108.54: February 108.65; March 109.12; April 110.88; May 113.59; June 116.02; July 114.79.

Indices

July 18

July 25

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NEW	YORK	_ D(DW 16	ONES			-			· ,	MONTE	EAL		July 27	July 25	July 25	July 24	Hig	19 h	Lov	V 7
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• Industr'i:	889.76839	.76 81	13.E	B29-78	325,6 82I	8.07 S	78.72 i 10/4,	207.00 (27/2)	(1051,70) (11,75)	(2/7/82)	LEAHOL	SESBUR	3	667 1	297.8	997.3	502.7	508.4 <i>(</i> 5	Δ5/B) -	228.A / I	710
H'me B'nds	85.59 8	5,73 8	35.70	85.62	85,59 S	.74	85.57 (3/7)	82.32 (6/5)	-	` . - .	1	Gold Industria		516.7	312.4	311.9	51).5	336.0 (2	346) √ ∃	্রাড় 5 (১	nr!
Transport.	. 251.70260).B8 2:	0.73 \$	247,86	247,52,241	8.64 2		206.78 (27.2)	279.88	12523)	-			107		70		locki	Debui	1979	307
Utilities						7.85 ^{: ,^}	198.29	58.51	. 165.52	19,58 B) (28/1/121	~	July 27	Algi	19; Hig	ם יו	w		27	ious	high.	, M
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000 at	27,800,32,	\$70 34	,950 :	29,700 2	26,960 <i>2</i> 6; ;	420 .	- ;	- .		<u>_</u>	Belgium			58 108.	00 (98		weden	(r) 655.5	1 548-4	401.34	33
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N.Y.S.E. ALL COMMON

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Ind. PrE Ratio

EURO	PE			
AMSTERDAM		BRUSSELS/LUXEMBOURG	SPAIN .	TOKYO' ¶
July 27	Price + or Div. Yld.	July 27 Price + or Fra Yid	July 27 Per cent Banco Bilbao 260 + 4	- July 28 Yen - X X
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Alg'm 8k (Fi 100) Amev (Fl.10) Amrob'k (Fl,20).	93 +1 50 5.4 70.8 -0.5 125 7.0	Cockeril 482 +4 -		Casic
Bijenkeri BokaWstm!Fill Buhrm Tetter'	70.6 0.4 28 7.9 105 +4 85 8.1 61.7 + 0.5 27 8.9	EBES 2,180 -5 177 8.1 Electrobel 5,500 +30 458 6.9 Fabrique Nat 3,540 259 7.5	Banco Madrid	Hitachi 240 1 12 2.5 Honda Motors 550 9 18 1.
Elsey'r-NDU:F120 Ennia N.V. B'rer	270 he40 2.8	G.B. Inno Bm 2,600	Benco Vizesys 282	C. Iton
EurComTet:FI10 Gist-Broc :FI0 Heineken :FI25)	41.5 +0.7 22 5.3 82.1 +0.9 14 4.3	Hoboken 2,985 +160 170 5.6 intercom 1,705 +5 142 8.4	Dragados 129 + 3	JA1 2930 440 - 14
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Philips (Fl. 10) RinSchVer(Fl108 Robeco (Fl.50)		Vielle M'intagne 1,600 5	Union Bec 63	Nippon Denso. 1270 15 0.7 Nippon Shimpan 585 1 72 13 10 Nissan Motors 635 16 1.5
Rodamco :FI.25	104.1 +0.1 3 11.5 134.5 +0.6 6 -	July 27 Kroner - 2 2	STOCKHOLM	Pioneer 1,830 30 48 1.3 Sanyo Elect 835 I 12 1.8
RoyalDutchFl20 Slavenburg	145.6 -0.3 53.75 7.4 238.5 +0.5 21.5 9.0		July 27 Kronor - Kr. X	Shiseldo 1.040 20-11.0 Sore 1.860 40 40 1.3
Tokyo Pac Hids& Unilever (F1.20) Viking Res		Danske Bank 1203 12 9.9	AGAAB (Kr. 40) 166 +3 6 3.6	Taisho Marine 250 4 11 22 Takeda Chem 450 4 15 1.7 TDK 20 20 30 0.9
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WALL STREET

WALL SIREE	1			·	July 27 DM 1-2 8	Skand Enskilds. 124 +4 9 7.2 7 70 1 5 7.1 7 7 7 7 7 7 7 7 7	Amalgamated Rubbet 3.90 upo.
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36 30 kg Abbotts Lab 35 34 kg 13 kg AM International 16 kg 35 kg 21 Adobe Oli & Gas. 33 kg		31 s 25 Johnson Control. 27 s 25 s 16 s Jostens 19 s 35 s 29 s Joy Manufacturg 32 s	597, 55% Reynolds (R.J.) 59% 31 1978 Rich son Merrell 23 40% 26 Bockwell Inter 38%	50 1914 Woolworth 2554 634 4 Wyly 578 6314 5258 Xerox 6314	Bayer.Hypo 249 + 1.2 28.12 5.6 Bayer.Hypo 249 + 1.2 28.12 5.6 Say.Vereinsbk 278 + 4.5 28.12 5.1		Hang Seng Bank
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27'4 21'4 Anhouser Busch, 22 22'4 19'5 Armco 22'4	39% 28% Engelhard 34/3 27% 24 Esmark 24/9	401, 343; Marathan Oil 381, 19 14 Marine Midland, 181, 2014 155; Marshal Field 171;	5114 2314 Smith Kline 4354 714 314 Solitron 512 5034 3214 Southdown 4714	147 71 Can. Super Oi 15912 612 4.70 Carling O'Keefe. 518 13 912 Caseiar Asbestos 1114	Schering		Turnover: Cr.93.4m. Volume:66.0m.
28 22:3 A.S.A 2613 17:3 13:2 Asamera Oil 15:5 20:3 13:9 Asarco 20:3	554, 484 Exxon	6834 , 5934 Marsh McLenn'n 6112 2719 : 2234 May Dept. Stores 24	2714 22:1 Southern Cal.Ed. 25:2 17:5 12:2 Southern Co 13:6	30 14 Chieftain 30 42 313 Cominco 38	Thyseen A.G. 86.8 + 0.1 (12.6 7.3 Varta 177 + 3 16.16 4.8 VEBA 159.2 - 0.3 (18.72 6.2	AUSTRALIA	Source: Rio de Janeiro SE
45% 34% Ashland Oil 39% 68% 56 At Ritchfield 65% 35% 28% Auto Data Pro 54%	13 ³ 4 12 Firestone Tire. 12 ¹ 4 16 ¹ 4 Firest Chicago 17 ¹ 4	48: 371 MCA 44: 22: 15: McDermott 20: 36: 20 McDermell Doug. 24:	541: 25 Southern Pacific 34 5714 25 Southern Railw'y 5414	2478 1812 Consumer Gas 8512	Vereins&WstBk 278 +2 28,12 5.1 Volkswagen 211.5 -0.5 28.12 6.6	July 27 Aust, 5 - Or	JOHANNESBURG MINES
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27:8 24 BankAmerica 27:4 45:4 55 Bankers Tr. N.Y 45:4 38:4 24:2 Barber Oil 38	281; 223; F.M.C 28 451; 40 Ford Motor 415; 223; 184; Foremost Mck. 233;	2612 18 MGM 2014 6613 5214 Minn Ming & Mtg 5314 40 3614 Mobil Corpn 3914	52:1 54:1 Std.Oil California 52 683; 43: Std. Oil Indiana 66:8 60: 28 Std. Oil Ohlo 60	5712 50 Dominion Bridge 36 29 28 Domtar 27 2556 1556 Dupont 2312	Bastogi,	Ampoi Petroleum 10.69 10.69 11.92 11.92 11.92 11.90	Kinrosa 7.00
8-1 638 Basic Resources. 70; 4378 3573 Baxter Travenci. 4174 2372 2019 Beatrice Foods 2219	441, 30 Fexboro 417, 914 53e Franklin Mint 9 50 324 Freeport Mineral 361, 39 2634 Fruebof 53	52-s 46'1 Monsanto 50'; 50'1 45'3 Morgan'J.P 50'; 46'4 . 36 Motorola 43'a	2214 19. Stauff Chemical. 2214 21 12: Sterling Drug 1614 4554 15: Storago Technigy, 1554	683. 321. Falcon'go Nickel 627. 74 671. Ford Motor Can 691.	Finsider	Audimoo 25 cents	Rustenburg Platitrum 2:50 0.0 St Helene 19:20 0.2
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1875 1434 Bell & Howell 1715 4018 361g Bendix 3723 414 3 Benguet Gons B 314	334 2473 Gelco 29:1	21 165: National Can . 2058 2352 . 18% Nat. Distillers 2315	201 15 Super Valu Store 194 38:3 18:2 Syntox 36:5	14 8½ Hawker Sid. Can. 12½ 44 38¼ Hollinger 42 68½ 42¾ Home Oil 'A' 62½	Pirelli & Co 1.750 +50 140 8.1	Good interne copper 17:21 Mail	Union Corporation 8.05 Ds Boers Deferred 8.25 + 0.0 Blyvooruitzichy 7.00 -0.1
24 to 1912 Bethichem Steel 22 to 23 to 1614 Black & Decker. 22 to 52 to 38 Boorng 48	323, 2414 G.A.T.X	30% 14% Nat. Service Ind., 19 53% 28% National Steel, 51% 51% 40% Natomas 51%	16.6 10 Technicolor 1651 5714 3210 Textronix 5418	2434 1914 Hudson Bay Mng. 2134 3334 1918 Hudson's Bay 2634 7614 5514 Hudson Oil & Gas. 7214	OSLO	Broken Hill Proprietary 19.10 0.02 BH South 11.76	East Rand Pay
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EDIUN-T Hong Kong \$... July 27 July 20

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12	Hutchison Whampos	5.45	840
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.8	Jerdine Secs	8.25	7.65
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INTERNATIONAL BONDS

Spotlight on the innovators

IN THE Eurodollar bond markets fast week, the introduction by S. G. Warburg of certain U.S. Yankee" pricing techniques with a \$100m straight issue for the Kingdom of Sweden claimed the attention of bond syndica-tion managers and dealers

The markets also witnessed another innovation, this time in the floating rate note sector.

Credit Suisse First Boston faquence on Friday a \$300m issue for Citicorp with a bullet insturity of 31 years. Of this rotal amount \$100m will be issued in the traditional way while a further \$200m remains for issue at any time during the next six months at the dis-

retion of the borrower.
The coupon will be the mean between the bid and offered three-month London interbank The borrower will thus be paying no spread above the interbank rate nor will there be a minimum coupon. Both these elements represent innovations on what could be, if the whole \$300m is issued, the biggest even FRN issue for a

The only active areas of the Eurobond markets last week were the Deutschemark, Swiss franc and the sterling sectors ain Swis franc bonds, the large flow of new issues is more than skeeping up with investor specific. Prices of sterling issues eased on the week as some investors decided to take their profits because of the sharp rise in the UK currency.

monthly meeting on a small tice, no coupon or price for the price as if they had bought it market performance was good.

MEDIUM-TERM FINANCE

much larger. Bonds for supranational organisations are not technically included in the calendar and this week alone a DM 206m private placement is expected for the World Bank through Dentische Rash through Deutsche Bank.

While demand for DM paper is strong the dilemma the German banks face is that they cannot attract many borrowers today. One reason is that borrowers believe they may be able to raise D-Mark bonds more cheaply if they wait a little.

Among the latest DM issues are a DM 100m public bond for the Asian Development Bank and a DM 100m private placement for Norges Kommunalbank.

Prices of D-Mark foreign bonds rose by up to 11 points on the week but strongest demand from foreign buyers is still directed at domestic-bonds where the yield for the investor is now well above what he can obtain on foreign bonds. Although yields on the most recently floated bonds, be they foreign or domestic, have been falling during the past two weeks, there is no sign as yet that the differential on the yield available on two types of paper, and which currently considered stands at about of a point in the issue. favour of domestic bonds, is narrowing,

The flotation which claimed In Deutschemarks, the most attention was the \$100m German Capital Markets Sub-offering for Sweden. Contrary

volume of new issues: DM200m. bond was indicated by lead writers. Indeed the commisThe exercise was, of course,
The real volume of D-Mark manager Warburg in the invitasions paid by the borrower were made easier by the quality and foreign bonds which is even- tion telexes sent out to the much lower than is current maturity of the paper-exactly tually floated is likely to be underwriters. These were en- practice: 1 per cent for the type of instrument which

This exercise could not have

come at a better time. Condi-

and the dollar. Yet this issue

80 per cent of it is understood

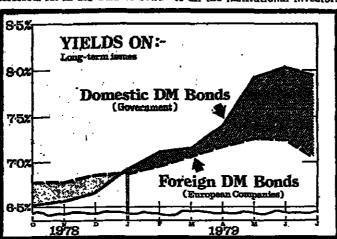
to have found its way to institu-

While the borrower did not

pay less than if it had had the

bond floated according to tradi-

tion, distribution of the bond



market, the issue was effectively being offered on a yield basis. When the bond was priced last tions in the dollar sector are Thursday, three days after it not good and buyers are largely was launched, the coupon was remaining on the sidelines set at 9½ per cent and the bonds waiting for clear r trends to priced at 99½, to yield 9.95 per cmerge in U.S. interest rates cent, the higher end of the yield range the lead manager had was placed in firm hands, over considered when it launched

During the first day of trading tional investors. this bond was quoted at 99½, which means that investors could buy the issue in the secondary market at the same agreed at its to usual Eurobond market prac- from the managers or the under- was better and its secondary

many market participants hope the Eufobond market will move.

The management group for this issue included banks like Salomon Brothers and Orion, will known for their institutional ties but also Paribas and Dresdner, more reputed for their retail distribution muscle. That Dresdner was a manager is all the more interesting as this bank acts. on a rotating basis with Deutsche Bank, as lead manager for the Kingdom of Sweden's D-Mark issues.

BY FRANCIS GHILES

The Deutsche Bank however was not to be found among the managers or the underwriters of the issue. The three big Swiss banks are understood to have indicated they would have nothing to do with the issue. The \$100m FRN for Citicorp came too late last Friday to

elicit any reaction from market. The structure and terms of the bonds suggest this issue is closer to a money market instrument than to a hond. It appears to be aimed at the cash rich companies and institutions to whom it would offer, at least initially, a better return than a three-month certificate of deposit. The timing of this issue could well turn out to be judicious as interest rates are widely expected to rise during the next few months.

BY JOHN EVANS

Mexico's fine terms spark debate

MEXICO can this week claim to the the first of the developing tion features. The lead manager to 10 years. imounts of its Eurocurrency riebt at terms to which hitherto idnly the major industrial coun-

fries could aspire.

60 However, the Euromarkets are divided over whether this development marks yet another significant downward step in the teteady decline in Euromarket years, as repayments will begin lending spreads witnessed over the past year.

aix-year "bullet" maturity— spreads between and per coveries, puts Mexico in a an oil-producing potential interest payments.

that is there are no amortisa- cent, with maturities ranging up unique position, as regards judg- although none on the same scale

Simultaneously, \$120m is being launched for the state foreign trade bank, Banco Nacional de Comercio Exterior, by International Mexican Bank.

This ten-year transaction will have an average life of only 51 one year after drawdown starts.

Mexican state loans in the of \$320m at 1 per cent over last few years, since the oil re-most indebted nation, with London Eurodovar interbank lated recovery started after foreign borrowings of more than differed rates. The larger trans Mexico's economic problems in \$250n. action, a \$200m credit for the 1976. Its more recent credits - But its strategic importance to

In contrast, Latin America's leading oil exporter, Venezeula, is currently raising an \$850m lity in the U.S. money markets, success, Mexico will seek longer Euroloan for 12 years on the primarily in order to generate maturities at the \(\frac{1}{2}\) per cent Euroloan for 12 years on the basis of spreads of and per cent.

dustrial nations could win ! per gorised as a developing country In its two latest Euromarket Euromarkets have commanded with intermediate middle informs. Mexico is raising a total steadily improving terms in the come. After Brazil, it is the

In recent years, only the in-

ing its credit-rating, bankers say. as Mexico. Pemex is now arranging a \$1.5bn banker's acceptance faci-

oil and gas exports to the U.S. The relatively modest maturities on these two latest credits cent or occasionally ? per cent also suggest that Mexico has not pricing from the Euromarkets. yet achieved a financing break- \$20.1hn at end-1977.

Mexico is generally cate- through in the Euromarkets, say This year, total demany bankers.

country" rating for Mexico may vicing costs will total \$26bn. spur other developing nations to seek similar terms from their A number of Third United Mexican States, has a have been priced on the basis of the West, after the new oil dis. World countries are generating \$35bn, including \$10bn of

There also seems little doubt that, if the two loans prove a

short-term finance for its future level for its future loans. Latest official Mexican data show that, at end-1978, public sector external debt stood at iust over \$25bn compared with

This year, total debt service charges, including principal pay-Nonetheless, others are conments and interest, will total cerned that an "industrial \$7.25bn. Up to 1983, total ser-By the year 2003; the total estimated debt service charge on Mexico's debt will amount to CURRENT INTERNATIONAL BOND ISSUES

	Amount		Av. lîfe	Coupon	_	Lead Manager	. yiel4
Borrowers	m	Maturity	years	%	price	T'83G LittleBer	%
U.S. DOLLARS		-	-	_	_	Goldman Sachs	*
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###ECSC	125	1999	15	9}	98.915	Kuhn Loeb Lehman Bros	, 9.0
SAllegheny Airlines	25	1994	_	9	100		7.640
Bank Handlowy	30	1984/89	_	. 7 1 4	100	BNP	6.6T [©]
tBanco de Chile	35	1986	7	6 <u>₹</u> ¢	100	Man. Hanover	9.95
1Sweden	100	1984	5	9]	99 <u>:</u>	S.G. Warburg	6.86 [®]
†Krung Thai Bank Ltd.	25	1984	5	6 <u>1</u> 0	10Ō	Man. Hanover	10.10
1Michelin	125	1994	12.4	70	. 991	BNP Crédic Suisse First Bosto	6.09 [©]
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(g'teed Norway)	100	1989	7 }	7}		11455	
SWISS FRANCS						a tre folias	4.5
†IAD8	100	1989	n.a.	43	100	Crédit Suisse	4.345
‡CNT (g'teed France)	10D	7 989	71.2.	4}	100}	Crédit Suisse	4.425
EB	T00	1994	n.a.	4	99 <u>1</u>	Soditic	4.25
terAbex Int. Holdings	25	7 984	ft, a.	41	100	UBS	4.75
t** & Riccar Sewing Machine	s 35	1984	_	41	100	Crédit Suisse	4.60
‡**†Kayaba	25	1984	4	40	108	Crédit Suisse	-144
1**Daishowa Paper (g'tee	ď			_			4.5
Sumitomo Bank)	30	1984	n.a	4}	100	UBS	
YEN						_	0.07
EIB	155n	1989	q	7}	99 <u>1</u>	Nomura	<u>8.01</u>
KUWAITI DINARS							
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(g'teed Morocco)	6	1989	6.55	81/81	. •	KIIC	•
(Ereen Morocco)	•	.,0,		-41 -2			

Not yet priced. ‡ Final terms. ** Placament. † Floating rate note. © Min †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase of Note: Yields are calculated on AIBD basis.

U.S. BONDS

BY JOHN WYLES

A stronger undertone

ABLE TO identify a new tremendous knowledge and Treasury Secretary, Mr. expertise of domestic and inter-Secretary. Treasury some confidence and, more important, a new Federal Reserve Board chairman, Mr. Paul Volcker, who is regarded as the best man for the job. U.S. bond markets last week regained a little of the strength and tone which characterised the rally of May and June. interest rates.

Since President Carter guarded as you might expect a cancelled his energy speech at cancelled his mouth and but there is a strong sense on but the but there is a strong sense of the but the launched his Camp David reexamination of personnel and "gradualist" in his approach to policies, prices have steadily interest rates and reducing weakened in a mood of uncertainty and some depression. This has not been totally dis- commercial banks' prime rates pelled by two appointments, on Friday to 111 per cent however important. But so long resulted partially from the as the foreign exchange markets are willing to allow the new policy making team at the Treasury and the Fed time to have some impact on the grave economic problem of inflation, then the bond markets may enjoy greater previous seven days. Stability for the balance of the Nevertheless, on Wednesday

not without irony. For in basis points. The closely studied the week, of a point welcoming a man who has 91 per cent bonds of 2009 rose to yield 9.84 per cent.

William Miller, in whom it has national finance, as well as a 1 and 1. somewhat more conservative view of monetary policy than his predecessor, the bond markets were also endorsing a new Fed chairman who in the near term may threaten bond price stability by boosting short term

> Mr. Volcker has been as guarded as you might expect in Wall Street that he will be less inflation than was his predecessor. Certainly the increase in anticipation of still higher money market rates under the new regime as well as a reflection of dearer money following a discount rate increase and an upward adjustment in the Fed's

summer. medium and long-term
The substantial rally which greeted news of Mr. Volcker's losses of the previous two days appointment on Wednesday is and gained between 9 and 18

is to yield 8.96 per cent while; older corporates added between

Subsequent news of a 1 per cent increase in the consumer price index in June caused some backtracking by the close on Friday so that the Treasury market remained pretty much unchanged on the week and corporates up ! or unchanged.

A heavy calendar of new corporate issues included \$350m 25-year triple A debentures from Ford Motor Company, Ford's first bond sales since 1974. The issue was priced to yield 9.18 per cent, about 0.19 per cent above long term Treasuries as a reflection of Ford's exposure to the economic cycle. A prime quality food company. by contrast, could expect to pay a premium above Treasuries of 0.05 to 0.1 per cent. The Ford issue was 85 per cent taken up at its sale on Thursday.

Earlier, the European Coal and Steel Community had made its first excursion into the U.S. Yankee bond market since 1977 with a triple A rated \$125m 20year issue. Priced to yield 9.875 per cent the issue traded in the secondary market at the end of the week of a point higher.

FT INTERNATIONAL BOND SERVICE

B	:	_	- '
V.S. DOLLAR- STRAIGHTS Alcoa DI Australia 10 89		-	Change on
STRAIGHTS	issued	Bid Offe	r day week Yield
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Max Rowden XW 92 91	· 30	92 94	4 0 0 12.15
Myco 0/5 Cap. 10, 87	40	96', 97	P D -01 19.80
Mayer int. F. XW 74 89	200	637, 83	2 0 -02 10.03
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20ECA 101 91	150	97% 98	75 0 0 17.07
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Complete the E. I'm 91	40	977 100	300. 10 14
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Asian Dev. Bank 54 88 Abstralia 5.6 83 Australia 52 88 Finland 5.6 83	Issued Bid Offer day week Yield 15 . 86°, 87°, 0 +0°, 7.82 . 30 . 94°, 95°, +0°, +0°, 7.14 . 20 . 90°, 81°, 0 +0°, 8.06 . 10 . 93 . 94 . 10°, 90°, 91°, 0 +0°, 8.29
OTHER STRAIGHTS Nordic J. Bk. 9 84 SDH Avco Fin. 10% 86 CS Ex. Dev. Cpn. 10 84 CS Fst. Can. Inv. 10 84 CS Hudson Bay 10½ 89 CS Quebec 10½ 86 CS R. Bk. Canada 10 94 CS Copenhagen P. 91 EUA Komm. Inst. 72 93 EUA SDR France 82 94 EUA	25. 96 96' ₁ + O ₁ + O ₁ 11.04 50 98' ₂ 99' ₁ + O ₂ 0 10.25 50 97' ₂ 97' ₁ + O ₂ - O ₃ 10.57 60 99 99' ₁ 0 - O ₂ 10.61 50 96' ₁ 97' ₂ 0 - O ₃ 10.91 40 99' ₁ 99' ₁ + O ₁ + O ₃ 10.12 40 86' ₁ 95' ₂ + O ₂ - O ₃ 10.59 25 97' ₁ 89' ₁ + O ₂ + O ₃ 10.59 25 97' ₂ 89' ₁ + O ₂ + O ₃ 10.59

consent. Data supplied by Inter-Bond Services-(a aubsidiery of dataSTREAM International).

SONDTRADE INDEX AND YIELD July 27 ... 95.38 8.68 89.41 9.46 July 20 ... 95.38 8.68 89.41 9.45 High 79... 95.75 (1/2) 89.99 (30/1) Low 79... 94.40 (11/1) 88.67 (28/2)

EUROBOND TURNOVER

U.S, S bonds	Cedel	Euroclea
Last waek Provious week	779.3 1,102.6	2,048.2 2,154.0
Other bonds Last week Pravious week	269 9 357.0	408.7 316.7

* No information availableprevious day's price.

Only one market maker supplied a price. STRAIGHT BONDS: The yield

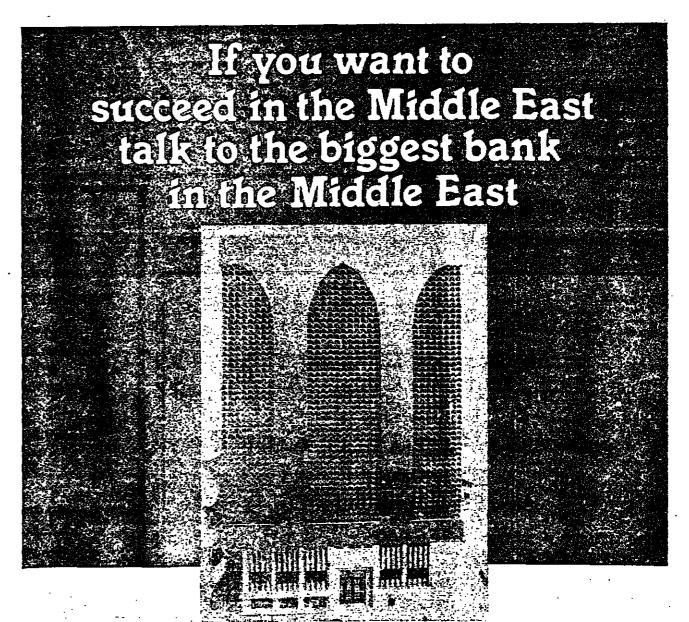
is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte≃Date next coupon becomes effective offered rate (t three-month) for

U.S. dollars. C.cpn=The current coupon. C.yld=The current yield. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day, Cnv. date=First date for conversion into shares.

Cnv. price=Nominal amount of
bond per share expressed in
currency of share at conversion rate fixed at issue. centage premium of the current effective price, of acquiring most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Krediet-bank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL: Com-merzbank AG; Dentsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Krediet Bank Luxembourg, Algemene Bank Nederland NV; Pierson, Suisse/Swiss Credit Bank: Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International: Bondtrade: Banque Française de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltee Trading Company; Dillon, Read Overseas Corporation; First Chicago: Goldman International Corporation; Ham-bros Bank; IBJ International; Kidder Peabody International; Morgan Stauley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International: G. Warburg and Co.; Wood

Closing prices on July 27



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PARIS

RECENT changes in UK investors. They are now public companies recommended to deal directly in the FFr 4.85m in new equity. In the first four months of this total value of rights premium for the privilege. The vented any rush of funds across the Channel. But UK fund autumn the companies which as it may appear. The striking managers can no longer afford most needed to rebuild their feature of the exchange at to ignore what goes on elsewhere in Europe.

Paris stood out among the 1979 with much the sharpest price gains. As calculated by brokers, Wood Mackenzie, the rate of return including dividend income over the three months amounted to 21 per cent. That was nearly twice as great as the nearest rival. Canada. The main share price indices are still pushing up to their high points, and there are plenty of bullish arguments to be heard around the market

Company profits are rising strongly. Corporate profits as a whole could be up to 25 per cent better this year, and dividends are keeping pace. Indeed there is some evidence that pay-out ratios generally are rising. And despite the upsurge in prices since the election in March, 1978. French shares are still not particularly expensive by international

The average yield is a little over 5 per cent and plenty of important companies. like Paribas, Compagnie Generale d'Electricite or Saint-Gobain, offer substantially more than On the basis of this year's likely results, the market as a whole could be selling at well under eight times earnings.

Relative to the World Index of share prices, as calculated by Capital International of Geneva, Paris has now fully recovered from the sickening declines of 1976 and 1977. That was when it looked as though could be in real danger. But ance companies are being on the same relative basis, the officially encouraged to buy

BY RICHARD LAMBERT, Financial Editor

equities compared with their 50

per cent share of the bond

market. And foreign investors,

shareholders were heavy net

sellers of French shares during

the mid-1970s, but in the first

bought shares worth nearly

present is that despite the

buoyancy of the indices, the

shares of a large number of

major companies are currently

trading well below the high

points reached earlier this year

or back in 1978. There are some

parallels here with the UK stock market, where the heavy manufacturing sectors are show-

trends in the services, oils and

financial groups,
In France, the share indices
have been heavily influenced by

big rises in three companies

while consumer non-durables

property/housing companies.

But just as in the UK, the

Share prices of some of the big

manufacturing groups have been looking very unhappy.

For companies like Michelin,

St. Gobain, Citroen and Thom-son-Brandt, the bull market

The explanation starts with

the fact that France is one of

the economies in Europe most

vulnerable to the steep rise in

energy prices. The oil import

bill this year is expected to rise by over FFr 15bn, and as

a result the trade balance is

swinging into the red. Analysts

now think that the domestic

rate of inflation this year may

turn out to be 11 per cent or more, substantially higher than

that of Germany. The consen-

sus seems to be that this will

put pressure on the franc within

the European Monetary System.

and that in order to hold the

currency in something like its

present position, interest rates

will have to continue to move

ing rates up, the second round

are not so much the result of

large volume increases, as of

companies reaped big benefits obvious for some months.

higher than in June.

ended months ago.

Yet all is not quite as bright

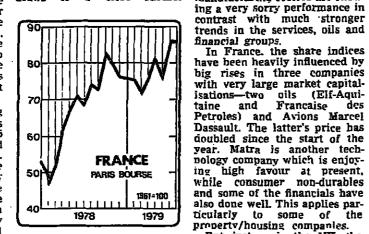
The strongest market

in Europe

market is still a long way short more equities. In 1976, domestic of the levels reached during the institutional investors (not heady days of the early 1970s, counting the banks) were reckoned to own only about 16 when Paris became a fashionable home for international per cent of outstanding French

The technical position of the market is also sound. On the supply side, it seems likely that who in the same analysis were there will not be quite such a shown to hold 15 per cent of all exchange controls have dramati-flood of rights issues this year equities, have also been show-cally widened the horizons of as there was in 1978, when ing fresh interest Non-resident year, the total value of rights nine months of last year they issues declined by nearly a strength of sterling has pre- fifth, and although activity will FFr 300m more than they sold. probably pick up in the balance sheets have already come to the market. The trend in new capital investment is world's major stock markets sluggish, so there is no great during the second quarter of call for new funds to finance expansion.

As for the demand side of the stock market equation, every-one expects that as the year draws to a close further



substantial sums of new money will come to the equity market granted in 1978 to encourage the movement of private savings into equities. The special investment funds (SICAV) created last year as a result of this Loi Monory pulled in FFr 3.4bn between August and December, and for the whole of this year the figure could be around FFr 4bn. The capitalisation of the whole market at the end of last year was less than FFr 200bn, so these are sizeable sums of new money.

In addition, it is accepted the French capitalist system wisdom in Paris that the insur-

p/e ratio

GLOSSARY

Marche a terme. Confined to the largest and most active issues, this is the market where foreign investors mostly do their dealing. Costs for a large investor work out at around 1.1 per cent. Settlement is linked to a one month trading system, but can be deferred into the following month by use of the "marche des reports," or contango market. It is also possible to deal on a conditional basis, "marche a primes," or negotiated options, "marche a options."

Trading on the "marche a terme" is conducted " a la criee. which takes place in an open and very vocal auction session.

Marche au comptant. A spot market which trades all the securities listed on the Paris Stock Exchange on the basis of cash and immediate delivery. Specified brokers are responsible for setting the price of particular securities. If the stock is also quoted on the "marche a terme," prices are set "par opposition," a method which ensures that the prices on the two markets are within 2 per cent of each other. Otherwise they are traded "par casier," which is an antiquated system of

Marche hors-cote. Securities which are not listed on the official markets may be traded here on a cash basis. It is located within the Stock Exchange and business is handled by "agents de change" and their clerks. But it is not exactly over-regulated. Agents de change have a legal monopoly over all dealing in stocks and shares. They are appointed by the Ministry of

Finance, but their firms—which are either individual firms or limited partnerships or corporations—are strictly private. In principle, they are forbidden to trade short term for their own account, and although they have in recent years been permitted to take short term positions outside market hours, they are required to unwind these on the market as quickly as possible. There are at present 99 agents de change in France, of which 70 are in Paris, and their numbers have been contracting

in recent years.

Chambre Syndicale. By law, all brokers are grouped

Chambre Syndicale. By law, all brokers are grouped together into an association named the "Compagnie des Ageats de change." The governing body, the "Chambre Syndicale des Agents de change, is elected annually by the members, and is responsible for the management of the exchange and the application of its own disciplinary rules. It administers a joint guaranty fund to protect the public against any default by a

Commission des Operations de Bourse (COB). A Government agency created in 1967 with two main responsibilities. It supervises the disclosure practices of public companies, and has the final say about any new listing. And it oversees the operation of the Stock Exchange itself, checking the course of trading and the conduct of financial intermediaries, and proposing changes in the rules where necessary. It is not afraid to use its powers. For instance, insider dealing in France is a criminal offence and about a dozen people have been prosecuted following initial investigations by the COB.

Avoir fiscal is a tax credit equal to 50 per cent of the amount of the dividends paid to shareholders. It is available to UK shareholders of French companies—provided they do not own more than 10 per cent of the company. Dividends and interest from French securities are generally subject to a withholding tax of 25 per cent, but this can be offset against UK

from a rise in consumer purchasing power of around 4 per cent in 1978, and coincided with the removal of price controls. In the second half of 1979, however, demand seems to be slackening across the economy. Some banks are now projecting a rise of well under 3 per cent in gross domestic product this year, and a more modest gain than that in 1980. Real disposable incomes higher. Last week three big banks pushed their base lend- are not expected to show much the company sector can keep

rate is now up to 9.75 per cent, price increases running ahead which is almost a full point of costs for very much longer. The biggest problem for the The outlook for corporate foreign investor—especially one profits is also becoming more unfamiliar with a market where cloudy. The recent big gains the banks play as big a role in the stock exchange's activity as they do in Paris-is to know a very substantial improvement how much of the good news has in profit margins during the already been discounted. Most past year or so. A number of of it, after all, has been pretty

that UK investors will decide to put much new money into French equities at present. And the bond market, dominated by the normally docile French institutions, is not usually a place for foreigners. In terms of simple values-

like price earnings ratios and dividend yields—Paris does not offer a great bargain compared with London. Anyone who wants to hedge against the change. So it is hard to see how strength of sterling will probcurrency other than the French franc. And UK investors are still rather nervous about the workings of the Paris bourse, despite a marked improvement in companies' disclosure practices in recent years. There are still raw memories of the mid-1970s, when a number of UK funds hit a painful double in the French market-in at the top and out at the bottom.

APPOINTMENTS

Senior post at County Bank

Mr. John A. S. Leighton Boyce has been appointed chair-man of COUNTY BANK from-October 1, succeeding Mr. Sidney Wild on his retirement. Mr. Leighton-Boyce, a director of County Bank since 1977, is a deputy chairman of Pilkington Brothers and a director of National Westminster Bank. Mr. Sidney Wild is retiring from the main Board of National Westminster Bank and as chairman of County Bank on Sept-ember 30. Mr. Wild was formerly deputy chief executive-of National Westminster, executive committee chairman of the British Bankers Association and a member of the Board of Fédération Bancaire, Brussels He will continue as a director of Yorkshire Bank where he is deputy chairman.

Mr. John Riddick has been Mr. John Riddick has been appointed managing director of TERRA NOVA INSURANCE COMPANY subject to the formal approval of the Department of Trade, as required by the Insurance Companies Act. Mr. T. L. G. Landon, at present deputy chairman of Terra Nova, continues in that position until, January 1, 1980, whereupon he will take up new responsibilities within C. T. Bowring Underwriting Holdings.

Mr. Daniel P. Weadock has been appointed Group executive of ITT Africa and the Middle East. He succeeds Mr. John W. Guilfoyle, who recently became president of ITT Europe Inc. In his new position, Mr. Weadock will report to Mr. James V. Lester, executive vice president Lester, executive vice president and a member of the ITT office of the chief executive.

KIDDER PEABODY INTER-

NATIONAL has made the following appointments: Mr. William J. Rainer, vice president Kidder, Peabody, New York has been elected as managing director of K.P. SECURI-TIES, in charge of all trading activities of Kidder, Peabody in Europe. Mr. Max Schmeeberger. formerly managing director of Dean Witter Reynolds, Switzerland will join Kidder, Peabody Geneva with sales responsibili-ties in the German part of Switzerland. Mr. George Ball, formerly with Abu Dhabi In-vestment Company, has joined Kidder, Peabody International for primary and secondary bond sales. Mr. Roy Evans, formerly with Merrill Lynch, takes charge of bond sales in England and Scandinavia. Miss Janet E. Watson, formerly with chemical Bank, has been appointed as manager in the Eurobond advisory department. Mr. Philippe Dubols, from Kidder, Peabody, Geneva, will join the fixed income sales group in Paris, Miss Claire Glass, formerly with Goldman Sachs has joined Kidder, Peabody's equity sales unit in London. Kidder, Pea-body's European executive committee will consist of: Mr. Hans-Joerg Rudloff, chairman, Mr. Jean-Pierre Saillard, Mr. Jason Bacon, Mr. Pierre de Blonay, Mr. Peter Stuart-William. Mr. William J. Rainer and Mr. Harry

UNITED GLASS is making a number of top-level management changes in anticipation of the retirement of Mr. Vic Hender, the group's managing director, early next year. Mr. John Small will relinquish his position as managing director of U.G. Glass Containers and become deputy managing director of The United Glass Group, prior to succeeding Mr. Hender as group managing director when he retires. Mr. Tony McBurnic will transfer from his position as managing director of The Ravenhead Company, and become managing director of U.G. Glass Containers. Mr. Peter Chamberiain, director, sales and marketing of U.G. Glass Containers, will take over from him as managing director of The Rayenhead Company Ravenhead Company.

Mr. J. A. Clough has been elected president of TEXTILE INSTITUTE succession to Professor C. S.

Mr. Leslie Kemp has been re-appointed by the Government to a second, three-year term as chairman of the CONSTRUCTION INDUSTRY TRAINING BOARD.

Mr. Robin Compton has been elected chairman of Time Inc's British subsidiary TIME LIFE INTERNATIONAL.

Mr. John Salinas has been appointed managing director of ATLANTIC LEASING. In this position he will be responsible for all Atlantic Leasing's activities outside of the IBM computer systems leasing business throughout Europe, and will be based in the group's London headquarters at Atlantic House, London, EC4.

Bir. Don Davenport has been appointed managing director of SUTCLIFFE CATERING COM-PANY (SOUTH), part of the Succession to Mr. J. D. Stirling Gallacher, who becomes group **MOTOR CARS**

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1978 June Rolls-Royce Silver Shadow II Se Caribbean Blue, Magnolia leather, Speedon reading 8,800 miles ---1976 Aug. Rolls-Royce Silver Shadow Scychelles Blue, Beige leather. Speedometer 26,500 miles. 1976 Jan. Rolls-Royce Silver Shadow Saloon. Beige leather. Speedometer reading 43,000 miles

1976 Feb. Relis Royce Silver Shadow Saloon: Pewter, Green leather. Speedometer reading 39,500 miles.

1975 Feb. Rolls-Royce Corniche Saloon, Moorland, Beige leather. Speedometer reading 4,800 miles. meter reading 32,000 miles. £39,250 1973 May Rolls Royce Silver Shadow Saloon Black

over Walnut, Black leather, electric sliding sumoof.
Speedometer reading 38,600 miles. \$18,950
1973 May Rolls-Royce Silver Shadew Saloon. Alpine Grey, Beige leather. Speedometer reading 66,000 1973 Jan. Rolls-Royce Silver Shadow Saloon. Shell:
Grey over Seychelles Blue, Dark Blue Isaher.
Speedometer reading 45,000 ml. es.
1973 May Rolls-Royce Silver Shadow Saloon. Sage.
Green; Green leather. Speedometer reading 48,000

miles. 1972 June Rolls-Royce Silver Shadow Salenn. Coffee Bean Brown, Magnolia leather, Speedometer reading 25,000 miles. £18,350. 1972 July Rolls-Royce Silver Shadow Salogn. Carlobean

Blue over Seychelles Blue, Dark Blue leather: Specilo-meter reading 44,500 miles. 217,950 1972 June Rolls-Royce Silver Shadow Satoon. Seychelles Blue, Beige leather. Speedometer reading 68.500 miles. 1971 Feb. Rolls-Royce Silver Shadow Saloon Tudor Grey Reige leather. Speedometer reading 22,500 miles £16,250

GUILDFORD Moodbridge Road, Guildford, Surrey, Tel. 69231. Tet. 859255

1978 June Rolls-Royce Corniche II finished in Willow Gold with Beige hide interior and Brown Evertlex

roof, 6,000 miles, 1978 Dec. Rolls Royce Silver Shadow H finished in Chestnut with Beige hide interior, 900 miles, 1978 Sept. Rolls Royce Silver Shadow H finished in Shell Grey with Red hide interior, 3,000 miles, 1978 March Rolls Royce Silver Shadow H finished in 1978 March Rolls Royce Silver Shadow H finished in Cardinal Red with Beige hide interior, 17,000 miles. 1978 Feb. Rolls-Royce Silver Shadow II finished to Chestout with Magnolia hide interior and Magnolia Evergex roof, 14,000 miles. 1978: Jan. Rolls-Royce Silver Shadow II finished in Cardinal Red with Beige hide interior, 1,000 miles. 1978 Jan. Rolls Royce Silver Shadow II finished in Gunmetal Grey with Grey hide interior, 10,000

1976 Feb. Rolls Royce Silver Shadow finished in Shell Grey with Surf Blue hide interior, 36,000 miles, 11975 Mar. Rolls-Royce Silver Shadew fluished in Peacock Blue with Beige hide upholstery, 30,000 miles.

Lisburne Square, Torquey. Tel. (0803) 24321

1975 July Corniche Convertible in Walhut with Beige hide upholstery and Beige hood. A healtiful one-owner car. 30,000 miles Offered at £39,850 1976 Jan. Corniche 2-door Saleon in Silver Chalice with Black Everiles 1002 and Deep Red hide upholstery, 23,000 miles only, 238,600 1978 Mar. Rolls-Royce Silver Shadow II in Chestmat

with Beige upholstery. One owner, 17,000 miles.
Price on application 1977 Aug. Silver Shadow in Honey with Brown Everflex roof and Beige hide upholstery. Picnic tables 7.800 miles Superb. 235.500 1976 model (regd Nov. 1975) SHyer Shadow in Moorland with Beige upholstery. Only 23,000 miles. Outstanding; to be registered with a 'V' Reg. No. on 1st August £26,850 1st August.

1974 Aug. Flared Arch Silver Shadow in Seychelles.

Blue with Blue hide 61,400 miles. A sound investment at

CITROEN CX 2400 PALLAS C-MATIC 1977. Blue with blue jersey trim.

Power steering C-matic, radio/ stereo, 23,000 miles only Excellent £3,450

Terms or Lease from £312 deposit, £104 monthly inc. 12,000 miles Autoguard warranty,

Terms or Losse from 238 deposit £95 monthly foc. 12,000 miles Amo ageun Metreuth"

ELITE MOTOR SERVICES Ashby/Leic, 0283 219183/219208



CITROEN 2400

PALLAS MANUAL

1977. Metaillic green with bailge lersey trans. Power assisted steering, regio: 28,000 unites conty. Superb

Citroen cars including GZX 3 PIL 01-377. 8211-Cooper Car Company 20 Paul Street

London, EC2.



The lotest 412/52-£31,160 or leas full soloon in winter yet a BRISTOL CARS 368-370, Kensington High St., Landon Wid BNL of the SSS

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Michelin	921	4 .	4.4
Matra	7,000	9.9	1.9
Peugeot-Citroen	306.5	2.3	6.6
Paribes	217.1	-6	9.2
Aquitaine	872	9.3	3
Saint-Gobain	117.1	6	12.4
Française des Petroles	196	9.8	7.5
Carrefour	1,610	12.6	4.8
Source Perrier	307	43.8	3.4
Air Liquide	472	14.8	3.4
Compagnie Generale d'Electricité	340	16.8	9.9
Thomson-CSF	366	7.9	3.1
Thomson-Brandt	192	4.1	8.4
Pechiney	92.1	9	8.1
Maisons Pheni≍	537	6.8	6.4
Source:	L'Annee Bours	iere end Societe	Generale

ranpas	417.1	9	7.2
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Saint-Gobain	117.1	6	12.4
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Mainage Dhamis	E37	40	2.8

THE MOST ACTIVE STOCKS

CONTRACTS AND TENDERS

ARGENTINE REPUBLIC

Ministry of Economy

State Secretariat of Energy

Hydronor S.A.

Hidroeléctrica Norpatagónica Sociedad Anónima

Alicopa Complex

Alicurá Hydroelectric Project

consortia of firms, both national and international, that have adequate technical and

Prequalification of contractors:

In connection with a subsequent call for tenders for design, manufacture, transport. erection, esting and commissioning of the following hydromechanical equipment for the spillway, intake works, draft tubes, bottom outlet and conduction to the turbines. Hydronor will receive and analyse the qualifications and references of those firms or

financial capacity and wish to take part in the call for tenderers.

Subcontract No. 533/1-gates, trashracks and auxiliary equipment

Three spillway operation radial gates. One set of six spillway maintenance sliding stoplogs. Three intake operation fixed-wheel gates.

One intake maintenance sliding gate. Fifty sections of removable trashracks. One gantry crane for the intake and the spillway. One set of four draft tubes maintenance sliding stoplogs.

One gantry crane for the draft tubes. Four bottom outlet sliding gates. Steel lining for the bottom outlet.

Subcontract No. 533/2—penstocks Three penstocks for the main hydraulic turbines.

Terms of reference:

The procedure for submission of data for this purpose and the characteristics of the supply object of these biddings are set out in corresponding prequalification documents which may be obtained either from Hydronor S.A., Av. Leandro N. Alem 1074, 5th Floor. 1001 Buenos Aires, or at the main offices of Electrowatt Engineering Services Ltd., P.O. Box, Bellerivestrasse 36, CH-8022 Z, Switzerland, and SVECO AB, P.O. Box 5038 2 Linnegatan, S 102 41 Stockholm 5, Sweden, as from July 12, 1979.

The envelopes containing the qualifications and references of the firms or consortia concerned must be submitted to Hydronor S.A. Av. Leandro N. Alem 1074, 5th Floor, 1001 Buenos Aires Appearing before 4 n.m. Sentember 3, 1979.

1001 Buenos Aires, Argentina, before 4 p.m., September 3, 1979.

ARGENTINA

Bella Vista S.A. (e L) Sugar Company INTERNATIONAL CALL FOR TENDERS

Sale of a sugar company as a unit. alcohol distillery and 6,000 Hectares of sugar cane all located in the province of Tucumán (Argentina).

Base:u\$s 43110112

Terms of Payment: 10% on adjudication; 15% on possession and balance up to sixty (60) months.

Opening of Tenders 7th August, 1979, at 4 p.m., at 120 Defensa Street, 5th floor, Buenos Aires, Argentina,

Offers will be received until one hour before limit time.

Specifications and Information Available at 575 San Martin Street, 2nd floor, Of. + 15, Tucumán, Argentina, or at 1070 Cerrito Street, 11th floor, Buenos Aires, Argentina,

Trust receiver

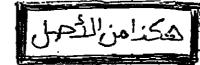
TENDERS INVITED

REFRIGERATION EQUIPMENT FOR BRAZIL

Centrais de Estocagem de Santa Catarina S.A. is now at the stage for implementation of a refrigerated warehouse facility for food storage to be located in the city of Itajai in the state of Santa Catarina, Brazil.

Machinery and equipment for this project of food storage is now required and full specifications for tender may be obtained from: Centrais de Estocagem de Santa Catarina,

Rua Ercilio Luz 53, Edifico Rio de Ouro. Cuarto Andar, Conj. 501, Itajai, Santa Catarina, Brazil.



OFFSHORE AND Alloster Fund Managers Ltd. Alloster Hse., Arthur St., EC4R 98H 01-623 1050 Blander John 16 4 1084 4 1884 8 1884 AUTHORISED Schlesinger Trust Mingrs. Ltd. (a)(c)(g) 2 140, South Street, Dording Am. Example 271 Am. Exam OVERSEAS FUNDS Alexander Fund 37, ne Noire-Dame, Luxembourg. Alexander Fund 37, ne Noire-Dame, Luxembourg. Alexander Fund 38, ne Noire-Dame, Luxembourg. Alexander Fund 39, ne Noire-Dame, Luxembourg. Alexander Fund 37, ne Noire-Dame, Luxembourg. Alexander Fund 38, ne Noire-Dame, Luxembourg. Alexander Fund 38, ne Noire-Dame, Luxembourg. Alexander Fund 39, ne Noire-Dame, Luxembourg. Alexander Fund 37, ne Noire-Dame, Luxembourg. Alexander Fund 48, 12, Noire-Dame, Luxembourg. Alexander Fund 50, Noire-Dame, Luxembourg. MLA Unit France Programme Colored Street, SWIA 916, 01-222-8177 MLA Units 55.7 56.9 3.75 Murray Johnstone U.T. Mont. 9 (2) 163, Hope Street, Glasgow, G2 21H. 041-221-5521 MJ European 65.7 76.0 4 4.65 Dealing Day Friday. 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Cam. Fd. Mgrs. Ltd. 48-50, Cannon St., London EC4M 61.D 01-296 6044 Capital Fd. 70.3 74.1 350 Income Fd. 180 7.73 Prices at July 13. Next dealing July 31. 173.2 051 225 1168 169.8 5.61 185.0 5.61 | Int. | NEL Trust Ma gers LtdL\ (a)(g) Save & Prosper Group 4 4, Great St. Helens, London EC3P 3EP 68-73 Queen St., Edinburgh EH2 4NX Dealings to: (01-554 897) or (331-226 735). **翻部** 877-324 877-324 877-324 739 45, Charlotte Sq., Edinburgh. 031-226 3271 15 heart. American Frant Standard Units. 55.4 Accum. Units. 633 Standard Units. 633 Standard Units. 636 Standard 1716 Sun Alliance Fund Margt. 110 Sun Alliance Hise. Horston. Ext. En. July 1 Ext. En. July 2 Ext. En. July 2 Ext. Ext. Marges. Link 9 Ext. En. July 2 Ext. En. 湖湖湖 Small Cors. Technology (%) Prinsile (%) Ind. Erro. of Assets (%) American (%) ### Account Links | 167 | 177 | 178 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 High-Yield Incame Fund High-Yield Incame Fund High-Yield Fands High Return 165.2 Income 44.2 U.K. Fands UK Equity 146.5 Managers Ltd. 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FINANCIALTIMES

Monday July 30 1979



Front-line states link up before commonwealth talks

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

A SPECIAL meeting of the in Lusaka today on the eve of settlement in Rhodesia. the Commonwealth Heads of Government Conference.

ment has been arranged at short notice. The Presidents of the three Commonwealth front-line States—Kaunda of Zambia, States—Kaunda of Zambia, Muzurewa Government.

Nyerere of Tanzania and Sir
Seretse Khama of Botswana—
are expected to be joined by
Presidents Machel of Mozan:
their differing perceptions of the problem leave much below. bique and Neto of Angola, and Mr. Joshua Nkomo and Mr. for argument. Robert Mugabe, who control the two guerrilla armies fighting to two guerrilla armies fighting to will decide the success or to play a pivotal role, both in bring down Bishop Muzorewa's failure of the meeting are: keeping the temperature down, regime in Salisbury.

The role of President and in guiding the timing and regime in Salisbury.

The formal purpose of the meeting is to draw up a common strategy for the Commonwealth Conference. But it only serves to underline the extent to which nate the eight-day summit of 39

Britain sees the Lusaka meeting as the last stage in consultations before Lord Carrington formally launches a new set of constitutional proposals which would build on Rhodesia's internal settlement.

These proposals would be designed to bring Rhodesia to legal independence with "the widest possible international

It is hoped the conference will reach broad agreement on guidelines and principles within which the UK can pursue its Rhodesian initiative. However, the British delegation will face an extremely dis-States which fear that Mrs. Thatcher is using delaying tactics to get the Commonwealth Conference behind her hefore moving rapidly towards lifting Rhodesian sanctions.

Leading African Common- Kaunda: President Kaunda is at content of British announce-Presidents of the front-line wealth nations are keen that once one of the African leaders ments of policy.

States and Patriotic Front guer- there should be a further most deeply committed to

The role of rilla leaders is being convened attempt to reach a negotiated

But they will also want to use the conference to "educate" This unscheduled develop- Mrs. Thatcher in what they see

the problem leave much room

Among the key factors that will decide the success or

man of a conference that he badly wants to be seen to be

• The performance of Mrs. Thatcher: the Lusaka meeting will be the most serious test of Mrs. Thatcher's performance on the world stage. She will be handling an issue on which she holds deep personal convictions.

Lord Carrington is expected

• The role of Mr. Fraser: genuine majority rule, head of Over the past six weeks Mr. a country whose economy is Malcolm Fraser, Australia's being devastated by the Prime Minister, has consciously Rhodesian conflict, and chair- and deliberately taken over and deliberately taken over Canada's traditional role of "honest broker" on the Rhode-

> • The conference agenda: Commonwealth officials are hoping that Rhodesia will not be discussed in detail until Friday—the third day of the conference—and that this will be followed by a weekend of informal consultations. This gentle approach could help to produce some kind of an acceptable

Editorial comment Page 10

Thatcher faces Tory pressure

MRS. MARGARET Thatcher leaves London today for the Commonwealth Conference in Lusaka under renewed Tory Party pressure to recognise Muzorewa Government and lift the sanctions on Rhodesia.

Right-wing Tory MPs are angry over demands by Lord Carrington, the Foreign Secretary, for radical changes in the Rhodeslan constitution before recognition.

Hints of Britain's approach have emerged at Westminster in the past two weeks but many Tery backbenchers were dismayed yesterday by reports of the hard line adopted by Lord Carrington at a meeting in London last week with a Rhodesian delegation led by Dr. Silas Mundawarara, the Deputy

Lord Carrington, reflecting

international pressures on the Government, made it clear that there could be no recognition or removal of sanctions unless the Salishury regime revised its constitution to abolish the blocking powers and other entrenched privileges of the white minority.

The new constitution would also have to be subjected to a "test of acceptability" by the Rhodesian people, the delegation was told. Lord Carrington is under-

stood to have informed the group that even if Tory MPs succeeded in rejecting a renewal of the sanctions order in November, the Government would block any aftempt to restore normal trade relations until the constitutional reforms had been carried out

The Government's pro-posals for restoring Rhodesia

he drawn up after the Lusaka conference and will be put to the Patriotic Front leaders as well as the Muzorewa Government

If the proposals reflect Lord Carrington's line, Tory MPs threaten a stormy revolt at the party conference this autumn and in the Commons sauctions vote.

The widespread strength of feeling on the issue within the party is demonstrated today with a forceful demand from Mr. Michael Stephen. secretary of the Bow Group's foreign affairs committee, that the Government should recognise the new regime and lift sanctions.

in a paper published by the Bow Group, Mr. Stephen says there is "an unanswerable moral case" for recognition and no legal reason for

Paving the way for more onshore oilfields

groups will soon begin a new UK independent company.

expected to issue five licences tomorrow in the hope that the exploration groups can find another significant oilfield like Wytch Farm, near Corfe Castle in Dorset.

Four of the licences will permit preliminary geological surveys with shallow wells in parts of Southern England extending from Kent to the Bristol Channel These licences will be granted to: British Petroleum: British Gas Corporation; Con-

Continued from Page 1

change, however, may hope that

merely letting the insurance

industry know that such a move

might be considered will

encourage the life companies

Some Ministers would like

Tory Party and that to abolish it altogether would be

to change the tax relief on mort-

gages, but it is accepted that mortgage relief is important in

regarded by the party's traditional supporters as a

Nevertheless, some Ministers

widely in small businesses.

invest more

Tax relief

ing to drill in other areas of oil needs. the South, in Yorkshire and in Scotland.

The fifth licence to be issued will probably permit Premier Consolidated, a UK-based exploration group, to drill for oil in the Caithness-Sutherland area of Scotland. Under the terms this production licence, Premier could sink deep wells on what is regarded as a promising oil-bearing structure.

Companies were producing tinental Oil, a U.S.-based group; on-shore oil long before they

FIVE OIL and gas exploration and Carless Petroleum, a small realised the potential of the 1,000 barrels a day, a rate ex-However, the North Sea. search for onshore fuel resources in England and Scotland.

The Department of Energy is

> Even the British Gas Corporation's Wytch Farm field-corsidered to be as big as some of the smaller commercial fields in the North Sea-is not expected to produce more than 16.000 barrels a day of crude. This must be set alongside the 500.000 barrels a day currently being produced from BP's North Sea Forties Field.

Wytch Farm presently produces oil at the rate of about the 1990s.

pected to rise at least to 4,000

British Gas hopes that once wells, the rate of output can be raised to 16,000 barrels a day. The expected life of the field is just 15 years.

Neither the oil industry nor the Energy Department confident that large new fields can be found onshore. However, it is realised that several small finds, each relatively inexpensive to exploit when set against North Sea standards could help to guarantee Britaio remaining a major oil producer well into

Iran cancels gas export plans

EY ANDREW WHITLEY IN TEHRAN

world's biggest gas reserves after the Soviet Union, is not to go ahead with any new schemes to export gas by pipeline or in a liquefied form.

Mr. Hassan Morshed, the head of the National Iranian Soviet Union for a substantial increase in the price it receives onwards, for associated gas exported The gas through the 681-mile Igat-1 the Sovi believe that the relief should pipeline.

be allowed to fall in value in real terms by maintaing the ceiling at its present £25,000 level.

ET. Motshed continued that change is the giant £1.05bn 875-mile volume pi Igat-2 pipeline is to be can-USSR's celled. The decision was widely Industries.

IRAN, believed to possess the expected, but is nevertheless expected, but is nevertheless. The ban on future exports likely to infuriate the Soviet also affects the major Kalingas and please the LiS which has been concerned at the prospect of closer economic links between Moscow and the

Islamic Republic of Iran.

Iran had signed supply con-Gas Company (NIGC), said at tracts with West Germany, the weekend that exports were France, Czechslovakia and uneconomic at prevailing world Austria, whereby nearly 600bn standard cu ft of natural gas would be supplied from 1984

change for an equivalanet volume piped by Iran to the USSR's Southern Caucasus

U.S. were each scheduled to receive 2.5m tons a year of liquified gas. The £350m project is still at an early stage after lengthy technical and marketing delays.

Only limited quantities associated gas associated gas from the southern oilfields are being exported to the Soviet Union through lgat-1 as a result of the decline in crude oil production. Mr. Morshed said exports were 56 per cent of contracted volumes. Future supplies to the

end of the contract period in 1985 would be limited to the excess available after domestic needs had been met.

The gas would be supplied by the Soviet Union from its Western Orenburg fields in ex-Mr. Morshed confirmed that

Move to block employment law talks BY OUR LABOUR CORRESPONDENT

AN ATTEMPT to stop TUC leaders from taking part in talks with the Government proposed changes in employment law will be made at the annual Congress in Blackpool in September.

The preliminary agenda for Congress contains a spate of strongly worded resolutions condemning intended changes in industrial relations legis-

It leaves no doubt that many trade unionists will be looking to the TUC for both verbal resistance but for a positive and powerful campaign of opposition.

In one resolution, the Union of Construction, Allied Trades and Technicians seeks to instruct the general council to "withdraw from all discussious with the Government based on their proposals

as published." It also wants the TUC to pull out of the voluntary code of practice on negotiating procedures and conduct of disputes, reached with the last Government, and to start a campaign to alert trade unionists to "the dangers of these proposals and to the possibility of a return to pointless and destructive confrontation policies."

The Bakers, Food and Allied Workers' Union joins UCATT in trying to stop the general council taking part in talks designed to weaken trade union rights through, for instance, economic sanctions or withdrawal of the right to secondary picketing. Its resolution demands a

day of action by all unions against proposed changes in closed shop law and calls on affiliated unions to support any union defending shop stewards in difficulty as a result of Tory legislation." In another resolution, the

Association of Cinematograph, Television and Allied Technicians wants the "resources and membership of the entire trade union movement" mobilised in a campaign on the same scale as those which were waged against "In Place of Strife —the Labour attempts at trade union reform in the late 1960s—and

Conservative's Industrial Relations Act. The National Graphical Association joins the calls for resistance in a resolution which attacks recent decisions of the courts on employment law. It calls upon the general council to "offer any necessary support to unions which are subjected to pernicious judicial interpretations

of current legislation which

amount to judge-created law." Earlier this month, the Department of Employment published working papers on proposed changes in the law on picketing, the closed shop, and the financing of union

Mr. James Prior, Employment Secretary, will be consulting both sides of industry and other interested parties on these with a view to introducing a Bill later this year.

If the motions demanding withdrawal succeeded at Congress, these consultations would take place without the TUC.

When the Conservative Party came to power in May, most senior union leaders believed that they must con tinue talking to the Government. Since. however. some

angered by what they see as the Government's announcement without consultation of major policy decisions affecting industry.

This concern about lack of consultation was voiced force-

tabled a resolution for Conthe acceptance of certain "key principles" by both Government and trade union movement and expressing its

policy. Public expenditure cuts unemployment are unemployment are other area other areas where the Government can expect some rough hadling from delegates

fully on Thursday by Mr. Len Murray, TUC general secretary, after a meeting with Sir Geoffrey Howe, the Chancellor. The general council has

gress arguing that economic stability and progress require "gravest concern at the repudiation of this approach by the present Government."
This will be accompanied by a general council statement setting out opposition to the Government's economic

Madrid terror bombs

BY DAVID GARDNER

AT LEAST five people were killed and 113 wounded yesterday when bombs exploded at Madrid's airport and at two main railway stations.

The bombings followed four separate weekend attacks on police in the Basque Country, which left three dead and six

The attacks came barely two weeks after the agreement between the Government and the main Basque parties on home rule provisions for the region, and are thought to be the start of an all-out campaign by separatist guerrillas of ETA-Militar, which said last Wednesday that it would fight on for full independence.

The Madrid bombs exploded within five minutes of each other. The national news agency EFE had a telephoned warning about an hour earlier saying that bombs would explode within two hours at Barajas International Airport and Madrid's two main railways stations at Apocha and Chamartin.

Phone call

First reports indicate that police bomb squads were sent to these places but that no attempt was made to evacuate the thousands of travellers, inchiding foreign holidaymakers. One person died at Baraias: three at Atocha, where the bomb behind the information counter: and a Danish woman at Chamartin.

said that security in public places would be stepped up.

At a meeting in the Basque village of Zumaya Sen. Carlos Garaikoetxea, leader of the mainstream Partido Nacionalista Vasco and President of the pro-visional Basque administration, condemned "these brutal condemned "these brutal attacks, above all on the eve of an historic opportunity for the Basque Country to decide on an end to violence and a beginning

Yes vote backed

The statute of autonomy agreed two weeks ago goes to referendum in late September. The pro-statute parties, which include ETA Politico-militar and its political allies, are campaigning for a "yes" vote. Herri Batasuna, the coalition sympathetic to ETA-Militar. which had about 20 per cent of the popular vote in the April municipal elections, opposes.

Weather

UK TODAY

MAINLY CLOUDY with some rain. Sunny intervals in places. London, E., N.E., S.E. and Cent. England, E. Scotland Sunny intervals, cloudy with rain later. Max, 23C (73F).

rain later. Max. 23C (73F).

W. Midlands, Wales, N.W. and
S.W. England. W. Scotland,
Channel Is., Ulster
Mostly cloudy with rain,
clearer later. Max. 21C (70F).
Central Highlands, N.W.
Scotland. Orkney and
Mostly cloudy with rain. Max.
17C (63F).

Outlook. Unsettled and cool

WORLDWIDE

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The Civil Governor of Madrid of the account is the reduction In the long term, the UK invisible surplus should reflect

seas holdings of gilt-edged stock have recently been rising. So while the deficit on transfers will be growing through 1979 and 1980 from the 1978 total of £2bn, the surplus on profits, interest and dividends.

The Committee on Invisible Exports has said that it is expecting net overseas earn- interest to those institutions of the strength in sterling. In at the end of December would

THE LEX COLUMN

The squeeze on invisibles

returns have been at once so grim and so unreliable that the slight reduction in the monthly estimate for the UK's invisible. account surplus—by £10m to £110m—has been almost too small to merit attention. It is: too easy to forget that in 1976 the invisible surplus was running at over £200m a month. The deterioration in the in-

The deterioration in the invisible surplus—from £2.50m in 1976 to £1.40m last year—can be very crudely accounted for by pointing to the steady rise in the Government's transfer debits. These seem set to rise incluctably as the EEC Budget grows year by year and the UK contributes a larger share of the budget; this year there will the budget; this year there will be some rebates to soften the impact, but in 1980 the transitional arrangements come to an end. Full membership of the EEC will mean a large outflow on transfer account—already by 1978 the deficit on official transfers had risen to £1.7bn, more than doubled in two years. Private transfers abroad may also rise as a result of exchange control relaxations.

At present, the shrinkage of net earnings from profits, earn-ings and dividends across the exchanges constitutes another major source of pressure on the invisible surplus. Increasing remittances from foreign com-panies with North Sea stakes were already narrowing the surplus on this part of the in-visible account before the higher oil price increased their British residents, liberated profits still further. At the same time, remittances back to the UK from British companies sbroad are affected by the strength of sterling. The most favourable factor on this part in official overseas debt and the consequent fall in interest debits: on the other hand, over-

of £550m last year, may quite possibly disappear. The question is whether the surplus on services can grow fast enough to offset the deterioration else-

ings of the major service which attended a special industries to grow by only five meeting with the Board last to six per cent this year, a October, following the bad figure that may now have to be interim figures. Then they were trimmed back to take account told that the group's gearing 1978 service credits (excluding not be materially different from cushion: the impact the small general government a year earlier. But the balance Johannesburg market



sector) came to £11.7bn, with a surplus on private sector services of £3.7bn being reduced to £2.9bn by the official services deficit.

The danger in the services sector is that any improvement on items as diverse as shipping. on items as diverse as shipping banking, films, process plant, contracting and advertising will be undermined by the transport account. The civil aviation surplus looks set for fall from last year's 1330m and the tourism and travel surplus 1860m in 1978, looks very vulnerable.

Slowing growth in the UK should reduce demand for overseas holidays and the favoirable terms of trade effect of the strengthening pound should counteract the loss of competitiveness. But the most recent statistics suggest that

from currency worrles for the first time in years, are flooding abroad and spending more than ever when they get there. At the same time, British earnings from tourism seem to be under a good real of pressure.

a grewing service sector and higher earnings from overseas-assets, but the trend over the next few years, even if sterling weakens, looks rather bleak The resilience of the invisible surplus has proved surprising in the past and it is not going to disappear now, but it is being squeezed unmercifully.

Dunbee-Combex-Marx

annual meeting-August 20 should be of special

Despite a property surplied fixem, shareholders' funds only rose by a few hundred thousand points in 1978 to £23.6m. Different fixem fixem to £30.6m, most of from £18.9m to £30.5m; most of it owed, in the banks and all of it secured. And December no idoubt represents a favourable moment for a seasonal toy business like Dunbee. Last July, its barrowings exceeded £45m.

The inimediate profits outlook is not bright. Progress outlook is not bright. Progress towards recovery is expected in 1979, but hunber's efforts to release hadly needed capital are likely to produce extraordinary costs. The frading agreement with China announced last October has been "slow to develop." And this year the interim results will reflect in full for the first time the extra seasonal swints

time the extra seasonal swings in trading brought about by acquisitions in the U.S. That means there will be a very substantial half-year loss. One point that will please the

institutions is that Dunbee has abandoned its old accounting treatment of toy moulds; it used to revalue them in the balance sheet and charge the extra depreciation straight to reserves. They will also note with approval the proposal to appoint Coopers and Lybrand to act jointly with Danbee's existing auditors, H. W. Fisher

and Co.
Yet the extent of Dunbee's current malaise is clearly visible in its share price. On Friday, it closed at a new low of 48p, less than a third of last year's high point. The market capi-talisation is just £111m and the assumption is that the dividend, which was almost all met out of reserves last year, is going to be trimmed back very sharply

Selling off stakes in state enterprises is not an idea confined to the UK. In South Africa the sums involved in the expansion of Sasol, the operation which produces oil from coal are so huge that the Govern ment has had to turn to the stock market. The share issue announced over the weekend is a quarter the size of the UK's; But the decision to raise over 90 per cent of the money through a private placement of 2 crash partly paid shares with institu-tional investors, with future calls spread over two years, will cushion the impact on the

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